



EUROPEAN NEWS

Rupert Cornwell, in Rome, examines the mood of Italy's Communists, whose congress starts today

The cost of responsibility without power

THIS MORNING, in Rome's Palazzo dello Sport, Sig. Enrico Berlinguer will deliver the Secretary's traditional report to open the 15th Congress of the Italian Communist Party. But the mood will be a far cry from three years back. Then, as now, Italy was facing general elections, and the PCI was widely expected to emerge as the largest force in the new Parliament.

What were the disappointments of the last three years, and the PCI's meagre achievements, and whatever the confusion among militants and rank-and-file over the role of what has been described by Sig. Berlinguer himself as a party "of struggle and of Government," the broad goal of the historic compromise officially remains.



Sig. Enrico Berlinguer: Communist fortunes at polls uncertain.

The West's largest and most closely watched "Euro-Communist" party is on the defensive, unsure of itself and its strategy of the "historic compromise" with the country's Catholic forces. It still can boast just under 1.8m paid-up members, but in 1978 the number dropped by almost 24,000. At regional and local elections it has lost ground, and the assassination of Sig. Aldo Moro deprived the PCI of the one Christian Democrat the Communists could deal with.

Leaders of the party insist that it has never seriously been questioned, despite the Right-wing swing of the Christian Democrats and their refusal to countenance the idea even of "camouflaged" Communists in Government, like prestigious independent Left-wing Parliamentarians like Sir Alicko Spinelli, former Commissioner in Brussels, and the Cambridge-educated economist Sig. Luigi Spaventa, both elected in PCI lists.

But Sig. Occhetto, like Sig. Berlinguer, insists that the PCI's opposition will be responsible and constructive. True, the idea of the "Left alternative" or Popular Front government is again being pushed by some sections of the party, dismayed and disgusted by what they see as Christian Democrat intransigence and failure to observe the spirit of the understanding reached under Sig. Moro. But even in the unlikely event that the combined Left does gain ground at the election, two difficulties at once arise.

of the PSI Secretary Sig. Bettino Craxi, which had been laced with swinging ideological attacks on the Communists. Secondly, the new direction and fundamental reforms that Italy needs are probably too big to achieve without all-party agreement.

Even so this policy of working for reform within the system has been hard to defend to militants. Sig. Occhetto argues that the post-1976 period has marked an advance, in that for the first time in 30 years the PCI was within the Parliamentary majority, and had a hand in drawing up the last Government's programme.

commitment to preserve a pluralistic free democracy, and sees an important role for private property. The latest jargon phrase of "a planned economy via the market" does not clarify matters.

But there is no reason to suppose that in Opposition the PCI will not again start to regain strength. The new torrent of scandals, the relentless decay of social and public services, and the loss of leaders like Sig. Ugo La Malfa only underline how hard it may be to evade the dilemma of the Communist demand: either in opposition or Government.

Malta still seeking safeguards as UK quits bases

BY GODFREY GRIMA IN VALETTA

ON THE stroke of midnight on Saturday Malta and Britain will finally sever their links as the island's military bases are ceremoniously closed down after many years of use by Britain and NATO.

Amid Government-sponsored celebrations stressing Britain's complete military departure from here after a stay lasting 180 years, the Union Jack will be lowered over the Grand Harbour for the last time to be replaced by Malta's red-and-white flag.

When in 1971 his Labour Party was returned to power the status of Britain's military presence on the island was renegotiated. At the end of bitter and protracted negotiations a seven-year military facilities agreement was signed allowing Britain and NATO to make use of Maltese bases until 1978 for an annual rent payment of £M14m (£17m).

Already the Government is planning to run a budget deficit of M£28m by December and this could have a telling effect on the rate at which the island's developing economy will grow. In an effort to create some degree of self-reliance Mr. Mintoff's Government has committed itself to building expensive trans-shipment facilities, ship-building schemes and new industrial projects.

Mr. Mintoff's search for economic aid to tide Malta over the next five years has been anything but successful so far with France, Italy and possibly Algeria making it clear the demands are difficult to meet. The only possible provider remains Libya which is anxious to ensure Malta will never return to the NATO fold.

Politically the closure of the bases will not make much difference to Malta, but it does mean that Malta will need to find new means of safeguarding her security. This is an argument on which the Government and the Opposition Nationalist Party, which is a strong political force in the country, differ.

Dr. Adamt has announced that once in power his party would immediately take Malta into the EEC. "Judging by how Ireland has fared we're certain to do well," Dr. Adamt told an interviewer recently, shortly after returning from Germany and Brussels where the venture was preliminarily discussed.

Ford calls off lock-out at Valencia plant after talks

BY ROBERT GRAHAM IN MADRID

FORD HAS decided to end the "indefinite" lock-out which began on Wednesday at its Almusafes plant, near Valencia. The plant is due to open today.

There are differing versions as to why Ford has changed its stance so quickly. On Wednesday a management statement said the plant would only be reopened when assurances had been received from the unions.

However, a spokesman for the main union involved, the Communist-controlled Confederation of Workers Commissions, said that the Ministry of Labour felt the lock-out unwarranted and had suggested that the best way to get the two sides back to the negotiating table was to end it.

Chirac renews his attack on government policies

BY DAVID WHITE IN PARIS

M. JACQUES CHIRAC, the Gaullist leader, returned to the attack yesterday against French Government policy on three fronts: the economy; foreign affairs; and law and order.

The Government to be merely an expedient for keeping the Left out of power. Socialist advances in the departments, he said, showed that the Left, united or disunited, was still gaining ground.

Switzerland moves slowly towards UN membership

BY JOHN WICKS IN ZURICH

THE SWISS Government is preparing a draft resolution on membership of the United Nations, for presentation to Parliament.

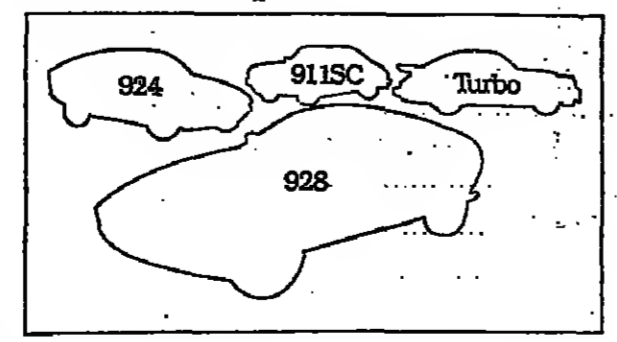
Preparing the report and resolution will take about a year, after which Parliament will have to debate it and a date decided for a referendum.



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EUROPEAN NEWS

Violence, bank affair puts Andreotti under pressure

By Paul Getts in Rome

A FRESH outburst of political violence and growing alarm over the Bank of Italy affair combined yesterday to exert additional pressure on the fragile government of Sig. Giulio Andreotti, the Christian Democrat Prime Minister. As he prepared to present his new government to Parliament...



Sig. Giulio Andreotti, presenting a fragile coalition.

a split within the neo-fascist MSI party. At the same time the death of Sig. Ugo La Malfa, the Republican leader who had been nominated Deputy Premier and Budget Minister, has further upset the precarious balance of forces of the coalition Government. Senator Bruno Visentini, chairman of Olivetti and a former Finance Minister...

Turkish strike banned

By Metin Murrin in Ankara

THE TURKISH Government yesterday declared illegal a controversial four-day strike planned by lorry drivers, artisans and shopkeepers. News of the planned strike came shortly after Mr. Suleyman Demirel, the Turkish opposition leader, had been proclaiming that Prime Minister Bulent Ecevit would meet the fate of Sr. Salvador Allende, the late Chilean leader. Despite the unpopularity of the Government's recent austerity measures, this jibe about Sr. Allende has apparently backfired. The Turkish army, it seems, resents being compared with its Chilean counterpart and objects to the implication that it would carry out a coup with foreign backing. And when news of the planned lorry drivers strike came, Mr. Ecevit was quick to maintain that its purpose was to discredit his government, and to compare it to the lorry drivers strike which preceded the overthrow of Sr. Allende. The Government decision to ban the strike was taken at a two-hour Cabinet meeting yesterday. A statement after this said that Turkey, faced with problems at home and abroad, was in more need than ever of national unity. "The purpose of those who incite the shopkeepers, artisans and drivers is not to protect their professional interests. On the contrary, their purpose is to use the unions' members for their partisan ends." Mr. Husamettin Tiyensan, the leader of the Federation of Lorry and Cab Drivers, who is an MP for Mr. Demirel's Justice Party, claims that the strike is in protest at new fare increases which fall short of the 90 per cent rise in petrol prices.

PROBLEMS OF THE SOVIET SUCCESSION

Brezhnev sets a long-term course

By David Satter in Moscow

IF Mr. Leonid Brezhnev, the Soviet President, dies in office, his death is not likely to be followed by the major policy changes which followed the deaths of Lenin and Stalin and the removal of Nikita Khrushchev. More than any of his predecessors, Mr. Brezhnev has sought to strengthen the role of the Communist Party in Soviet life and his permanent legacy may well prove to be a self-perpetuating bureaucratic elite whose uniformity of aspirations and outlook will guide Soviet behaviour no matter who exercises ultimate control. Attention has focused again on the possible consequences of Mr. Brezhnev's death following the news that a planned visit to Moscow this week by President Valery Giscard d'Estaing, of France, had to be cancelled at 48 hours' notice because Mr. Brezhnev had a severe attack of influenza. Mr. Brezhnev has had periods of ill-health before but this was the first time his health problems caused a visit to Moscow by a major foreign leader to be cancelled at such short notice. If he should die while still in power—and there are no signs

that he has any plans to retire—the individual most likely to be named by the ruling politburo to succeed him is Andrei Kirilenko (72). He has been a politburo member since 1962 and is a man whose ties to Mr. Brezhnev go back more than 40 years to the days when they were local party chairmen in the Ukraine. Mr. Kirilenko deputises for Mr. Brezhnev when the latter is ill or on holiday and he has ultimate party responsibility for the operation of the Soviet economy. He has represented the Soviet Union on trips abroad and, despite his age, is believed to be in good health. What Mr. Kirilenko's accession would mean in policy terms is impossible to predict because, as is the case with other politburo members, almost nothing is known of his independent views. He moved up in the Ukrainian party apparatus in much the same way as Mr. Brezhnev. Between 1950 and 1955 he was head of the Dnepropetrovsk regional party committee, a position Mr. Brezhnev held before the war and in which he drew the attention of the then Ukrainian party leader, Mr. Khrushchev.

Once the politburo has chosen a new general secretary of the Communist Party, the choice must be confirmed by a vote of the party central committee, which has about 270 members. Their approval is not a foregone conclusion (the central committee overturned a politburo decision to remove Mr. Khrushchev in 1957) but in the event of the death of Mr. Brezhnev, there appears little likelihood the committee would object to Mr. Kirilenko. Mr. Brezhnev gained support for himself and his policies by ruling by consensus and guaranteeing tenure of office. Only five politburo members have been dropped in more than 14 years since the accession of the Brezhnev-Kosygin "collective leadership," and in most cases those demoted were removed for being too ambitious, outspoken or obstructive. Those who showed caution in the politburo held their posts and this new found job security for Soviet party leaders was reflected in the central committee. Almost 90 per cent of the members at the 25th party congress in 1976 were re-elected to posts they held at the 24th party congress in 1971, a sharp

contrast with the high turnover under Khrushchev and Stalin. There has been speculation that Mr. Brezhnev's predilection for promoting his supporters, old cronies, and family members—including most recently his son, Mr. Yuri Brezhnev, who was promoted to the post of First Deputy Foreign Trade Minister—had engendered enough resentment to affect the succession process. It appears more likely, however, that in a society where high party leaders are richly rewarded with material privileges and access to goods, the central committee members are more than willing to support the continuation of the Brezhnev era which Mr. Kirilenko's accession would probably represent. The only other probable successor to Mr. Brezhnev at present is Mr. Konstantin Chernenko, who was elected to the politburo last December. Mr. Brezhnev's key administrative aid, and although almost nothing is known of his views or personality beside the fact that he is a poor speaker, he too has long-standing ties to Mr. Brezhnev dating back to the latter's tenure as Moldavian party chief in the late Stalin era.

Promotion for Yuri, the President's son

By our Moscow correspondent

MR. YURI BREZHNEV, son of the Soviet President, has been promoted to the position of First Deputy Minister of Foreign Trade. The appointment was not formally announced but Mr. Brezhnev's new title was listed along with his signature under an article on Soviet foreign trade published in Pravda, the Communist Party newspaper. Mr. Brezhnev, who was one of several Deputy Foreign Trade

Ministers, now seems set to succeed Mr. Nikolai Patolichev, the present Minister, if the latter decides to retire. Mr. Patolichev has been reported to be in poor health. Mr. Brezhnev formerly worked as head of a Soviet foreign trade organisation and as a commercial representative in Scandinavia. In both jobs he gained the reputation of having a drinking problem. Mr. Yury Vlasenko, 29, from Ordzhonikidze in the northern

Caucasus is reported to have spent six months under observation in a Moscow psychiatric hospital last year. Izvestia, the Soviet Government newspaper, accused U.S. officials yesterday of giving a false version of the events leading up to Vlasenko's death. The newspaper said a U.S. consular official had invited Vlasenko into the mission in first place.

Pinto moves to liberalise banking

By Jimmy Burns in Lisbon

MEETING FOR the first time since President Antonio Ramalho eanes reaffirmed his support for Carlos Mota Pinto's premier-ship, the Portuguese Cabinet has authorised a decree regulating the establishment of private investment companies. According to a Cabinet statement, the companies are defined as "parabanking institutions," they will be entitled to grant medium-term and long-term credit, to promote investment and to participate in the shared capital of Portuguese companies. The law is based on a draft presented to the Finance Ministry by the Bank of Portugal at summer. Its authorisation, aimed for last month, was delayed because of the Government's difficulties with Parliament over the budget proposals.

Authorisation of private investment companies is the first major step to liberalise the largely state-owned banking system which has been taken by a Portuguese Government since before the revolution five years ago. The companies will be as free to act as the nationalised banks, except that they will not be permitted to accept short-term deposits. This is a sop to the defenders of the socialist constitution which reserves the banking sector for state enterprise in principle. The investment companies are expected to act in most respects as merchant banks, filling a vacuum for medium-term and long-term finance. They will be expected to concentrate on small and medium private concerns which are suffering from the effects of recession.

The companies will be counting on the support of foreign banks. Among financial concerns to have anticipated the decree is a financial services company (MDM) set up last year with the Portuguese industrialist Jose Manuel de Mello, Deutschebank and Morgan Guaranty as equal partners. MDM has reported an encouraging response from the private sector, indicating the need for such an institution. The decree is expected to stir up controversy when it is submitted to Parliament for debate and could be amended. The Cabinet announcement was greeted yesterday with angry headlines in one of Lisbon's leading pro-Communist dailies, which claimed that the Government intended to break the nationalised banking system.

Tourist boom for Cyprus

By Our Nicosia Correspondent (PRIOT FOREIGN exchange earnings from tourism last year reached a record Cyprus£33.3m (45.6m) representing just over 10 per cent of all Cyprus exports, according to Mr. A. Andronikou, Director-General of the Cyprus Tourism Organisation. Earnings from tourism in 1977 stood at Cyprus£23.3m. Mr. Andronikou told a press conference that 1978 was a year of "remarkable achievements" in Cyprus tourism and the targets set in the Government's economic plan had been far exceeded. Cypriot hotels heaved very high occupancy rates. Tourist arrivals reached 2,000, a 43 per cent rise over 77.

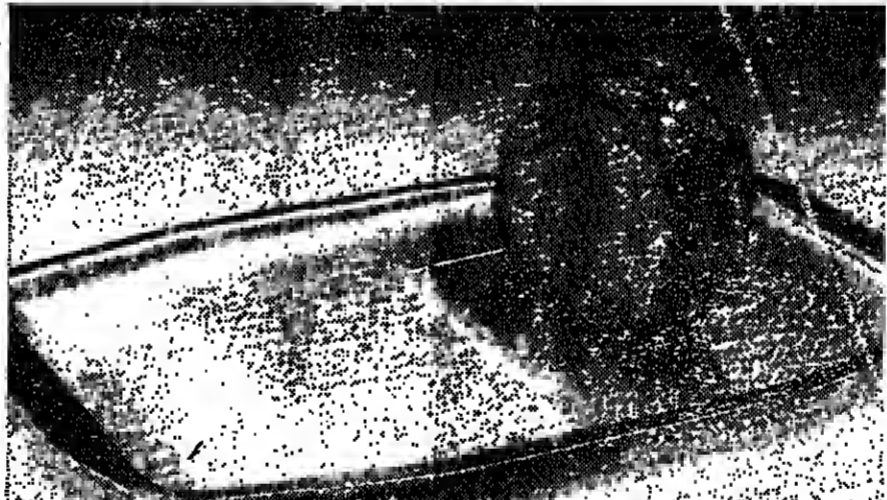
Bourse strikers evicted

By Terry Dodsworth in Paris

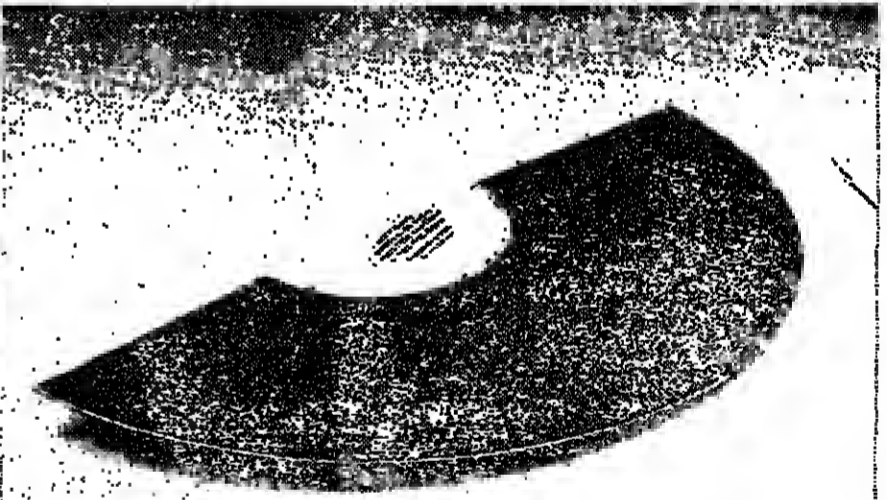
POLICE MOVED into the Paris Stock Exchange yesterday to flush out striking clerks who have staged an office sit-in for the past two weeks. The order for the police action, which was carried through peacefully, was given by the Paris Tribunal, with the object, it said, of helping to bring about a speedy resumption of negotiations between the clerks and the stockbrokers. Some meetings were held late yesterday, but little progress was made towards resolving the dispute, which began about a month ago. Some 2,500 employees are involved in the strike, which has led to a minimal quotation service on the Bourse.

The employee's original demands were for higher payments, after a period of big profits on the Stock Exchange because of the increased activity last year. But these have been followed by demands on security of employment as a result of plans to reorganise the broking profession. The length of the strike is now beginning to cause some anxiety in industry. M. Rene Monory, the Economics Minister, went so far as to suggest recently that if activity on the Bourse was strangled much longer, it would have a damaging effect on the present industrial recovery, which will depend on finding new funds.

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CITY OF WESTMINSTER ASSURANCE Flexible Pension Plans. Whether you're self-employed or eligible for our Directors and Executives Pension Scheme, City of Westminster Assurance can give you an outstandingly flexible pension plan backed by a highly successful investment record. When choosing a pension plan, it is vitally important that you should know what your options are. All too many schemes fail to cater adequately for the individual requirements of a particular person. City of Westminster Assurance, however, has based both its Self-Employed and Director's Pension Plans on the premise that the individual comes first. Freedom of choice is a key factor in both these contracts, allowing investors real flexibility about the way they invest and subsequently draw their benefits. Ask your broker for details of whichever plan is appropriate for you. And bear in mind that City of Westminster has an excellent long-term investment record backed up by a special reputation for original thinking in the field of pensions and life assurance.

OVERSEAS NEWS

Baghdad deadlock on Egypt boycott

BY ROGER MATTHEWS IN BAGHDAD

ARAB FOREIGN Ministers are deadlocked on the bitterly argued issue of imposing full economic and political sanctions on Egypt...

Other oil-producing Gulf states, which have also provided Egypt with substantial funds, are likely to take their lead from Saudi Arabia...

High Court rejects Bhutto pleas

By Chris Sherwell in Islamabad

WITH THREE days left before he can be hanged, Pakistan's condemned former Prime Minister, Mr. Zulfikar Ali Bhutto yesterday lost his legal battle to win a stay of execution...

Iranian polling certain to confirm Islamic republic

BY SIMON HENDERSON IN TEHRAN

THE PEOPLE of Iran go to the polls "in the name of God" today to vote in a referendum on the establishment of an Islamic republic...

THE various ethnic minorities, Kurds, Turkomen, Baluchis and Azerbejanis, want their own rights respected in the future constitution...

Cairo forces on full alert as Libyans move

CAIRO—The Egyptian armed forces have been put on full alert in response to troop movements by Libya along their common border...

Syrian aircraft had been flown to Libya in recent days. In Peking, Arab students stoned the Egyptian embassy yesterday and grappled with Chinese troops...

arrived in Bonn yesterday to seek West German support for Egyptian development. His request comes as an embarrassment to the West Germans who would prefer to contribute through the European Community rather than directly.

\$15,000m from the U.S. West Germany and Japan appear to have been trimmed to a more realistic \$6,000m, perhaps in the light of clear indications from Washington that the U.S. has no intention of doubling its current aid level.

Amin 'flees' as guerrillas close in on Kampala

DAR ES SALAAM—Ugandan insurgents said yesterday their forces could capture Kampala at will, and said President Idi Amin was fleeing north with convoys of troops.

A statement issued by the Ugandan National Liberation Front (UNLF) said the invading guerrillas—who are backed by Tanzanian forces—had the nearby Entebbe International Airport at their mercy.

Earlier in the day, President Amin's beleaguered Government said Tanzanian forces were 10 miles from Kampala and four miles from Entebbe.

The UNLF statement said: "Kampala would, and will, fall into our hands at our will. We are giving enough time for innocent citizens and foreigners to leave Kampala."

It called on Ugandan soldiers "still trapped in Amin's army of death and destruction to join their countrymen and hasten the elimination of Idi Amin and his mercenaries."

Our Foreign Staff adds: The streets of Kampala were reported largely deserted yesterday, as residents awaited a final drive on the capital by the Tanzanian-backed rebels who are now close to the southern suburbs.

In telephone conversations with Nairobi, residents said a series of explosions had rocked the city throughout the night. Uganda radio said this was Tanzanian shelling, but residents said they could see no signs of damage.

Hundreds of residents were reported to be fleeing the capital. Some foreign embassies were reported to have followed the example of the United Nations and be making evacuation plans.

Strike costs Tazara rail line \$1.27m

LUSAKA—The Tanzania-Zambia railway authority (TAZARA) which links landlocked Zambia to the port of Dar es Salaam in Tanzania, lost about \$1.27m because of an eight-day strike.

General Kingsley Chinkuli, Zambian minister of power, transport and communications, disclosed this yesterday when he indicated that he was prepared to discuss the cases of the dismissed employees on an individual basis.

He said: "Further illegal strikes on the part of workers can only accentuate difficulties for Tazara which is already suffering quite severe losses." Two weeks ago, more than 3,000 Tazara workers on the Zambian side went on strike. Several thousands tons of Zambian imports and exports were stranded as workers refused to go back to work until their salaries were increased.

Japan names summit date

By Richard Hanson in Tokyo THE Japanese Foreign Ministry announced yesterday the summit meeting of major industrial states will take place in Tokyo on June 28 and June 29.

Participants will include the heads of state or Government of Canada, France, Italy, Japan, the United Kingdom and the United States. The EEC will also be represented. The first preparatory meeting before the summit was held in Tokyo last week. Another meeting is due on May 17 in Washington.

Vietnam statement

BANGKOK—Vietnam has admitted the presence of its troops in neighbouring Cambodia, for the first time. The official Vietnam News Agency said Mr. Nguyen Duy Trinh, Foreign Minister, had told the Hanoi correspondent of the French Communist Party newspaper L'Humanite, that "Vietnam has agreed that Vietnamese armed forces assist the Khampuchean people in defending their country." Confirmation of their presence came from Kampuchea last week.

Yemens 'agree on unity' to end border feuding

KUWAIT—The Presidents of North and South Yemen, whose countries have been fighting border wars for more than ten years, agreed yesterday that unification is the only way to resolve their running feud, according to a high-ranking South Yemeni official.

The official, who refused to be identified, told the Associated Press the agreement was reached at the third session of a reconciliation summit here after Abdul Fatah Ismail, President of Marxist South Yemen, proposed that the North Yemeni President Ali Abdullah Saleh become head of the proposed united Yemen.

The official described the offer as a "gesture of good will designed to remove fears and suspicions on the part of the North Yemenis." The two Yemens, on the tip of the Arabian peninsula overlooking the Red Sea, fought their most recent border war last month.

President Saleh reportedly accepted the offer as "evidence of an end to differences and hindrances on the path to unity," which has evaded the two nations for more than a decade despite repeated efforts at federation.

The official said a communiqué on the agreement was expected to be issued shortly and he predicted that a provisional government would be formed soon to supervise the merger.

The South Yemeni President was quoted as assuring Saudi Arabia, which together with the U.S. has supported conservative North Yemen, that a united Yemen "will represent a new strength for all states in the region." But President Ismail warned that "there will be no slippage short of achieving unity," according to the official in the South Yemeni delegation.

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AMERICAN NEWS

CARTER AND THE TEAMSTERS

Threat to pay guidelines

BY JOHN WYLES IN NEW YORK

PRESIDENT CARTER acknowledged for the first time yesterday that it may be impossible to sustain his voluntary incomes policy if the present trucking industry negotiations result in a settlement which breaches the pay restraint guidelines.

Council on Wage and Price Stability, the guardian of the guidelines, will relax its interpretation of the pay regulations to clear the way for an agreement.

House authorises \$4.8bn for NASA programmes

WASHINGTON—The House of Representatives passed legislation authorising \$4.8bn for the National Aeronautics and Space Administration (NASA) but only after beating off an attempt to stop funds for continued research on superionic transports.

Peruvian copper workers return

LIMA—Workers at the Toquepala copper mine in Southern Peru have gone back to work abandoning a two-week strike for more pay.

Oil boost for Mexico

MEXICO CITY — Mexico, with proven oil reserves of 41bn barrels, could go beyond its estimated 200bn barrels potential with the recent discovery of new fields, Pemex, the State oil corporation said.

Simon hopeful for Argentina

BUENOS AIRES—Mr. William Simon, the former U.S. Treasury Secretary, has said Argentina's economic policy was correct, and that, given time, it would reduce inflation to a reasonable rate.

Brazilians limit foreign borrowing

BY DIANA SMITH

THE BRAZILIAN Government has placed an absolute ceiling of \$1bn on foreign borrowing by state-run companies in 1979.

spending, following a \$2bn reduction in the Federal Budget last month.

St. Kitts, Nevis, Anguilla future to be decided soon

BY DAVID TONGE

THE FUTURE of St. Kitts, Nevis and Anguilla could be decided in the next nine months as a result of last week's talks on constitutional matters in London.

NEW YORK CONVENTION CENTRE Wonder of the world —or white elephant

BY CAROLE KORZENIOWSKY IN NEW YORK

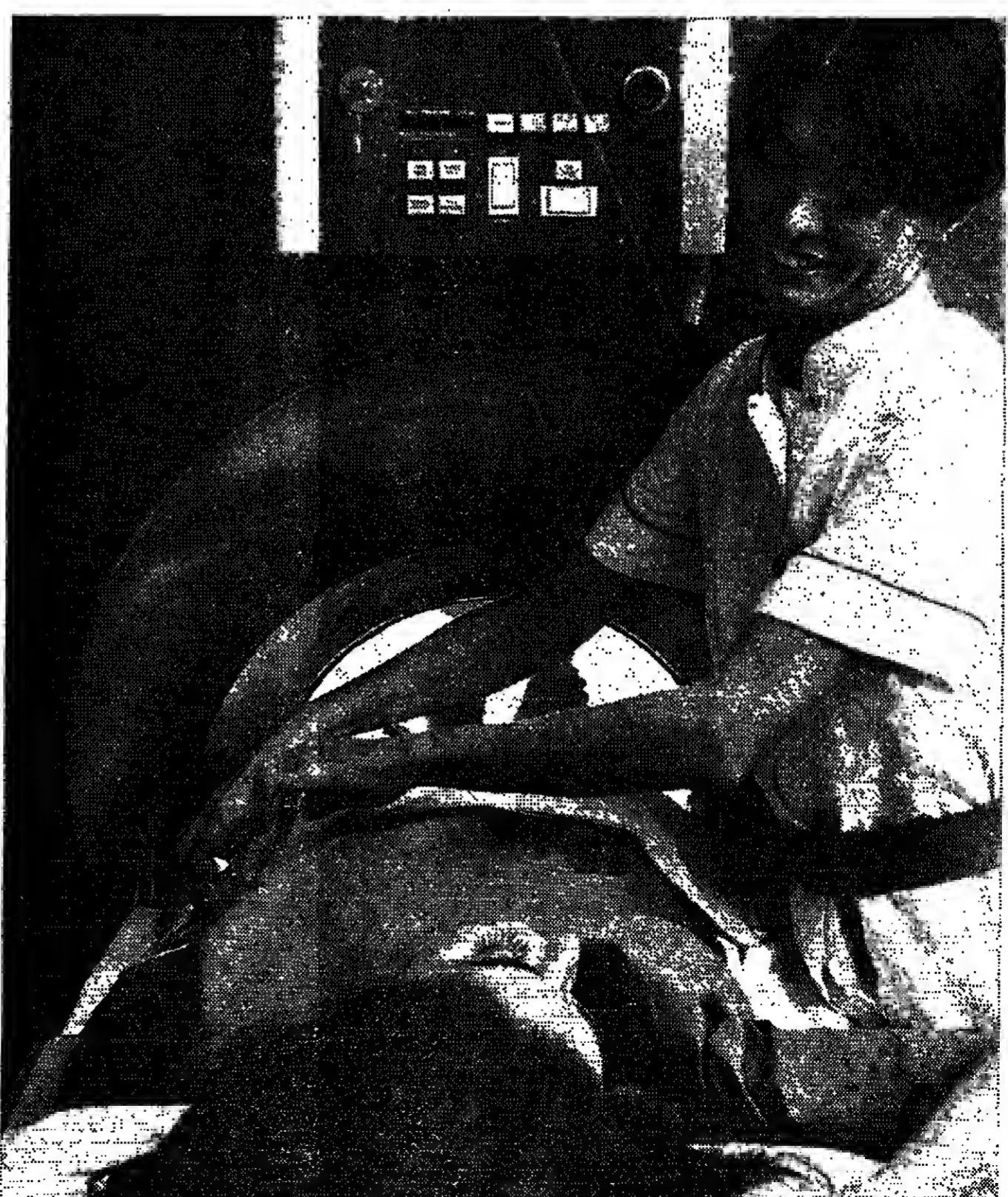
WITHIN the next few weeks the New York State legislature is expected to approve a Bill authorising construction of a mammoth 1.8m-sq-ft convention centre in New York City on the site of a former railway yard.

BARCLAYS BANK HELPS EMI BRING THE LIFE-SAVING SCANNER TO SPAIN

Barclays Bank International provided finance to help develop and sell the EMI-Scanner. In just five years over 900 systems have been installed throughout the world, in Spain and 40 other countries.

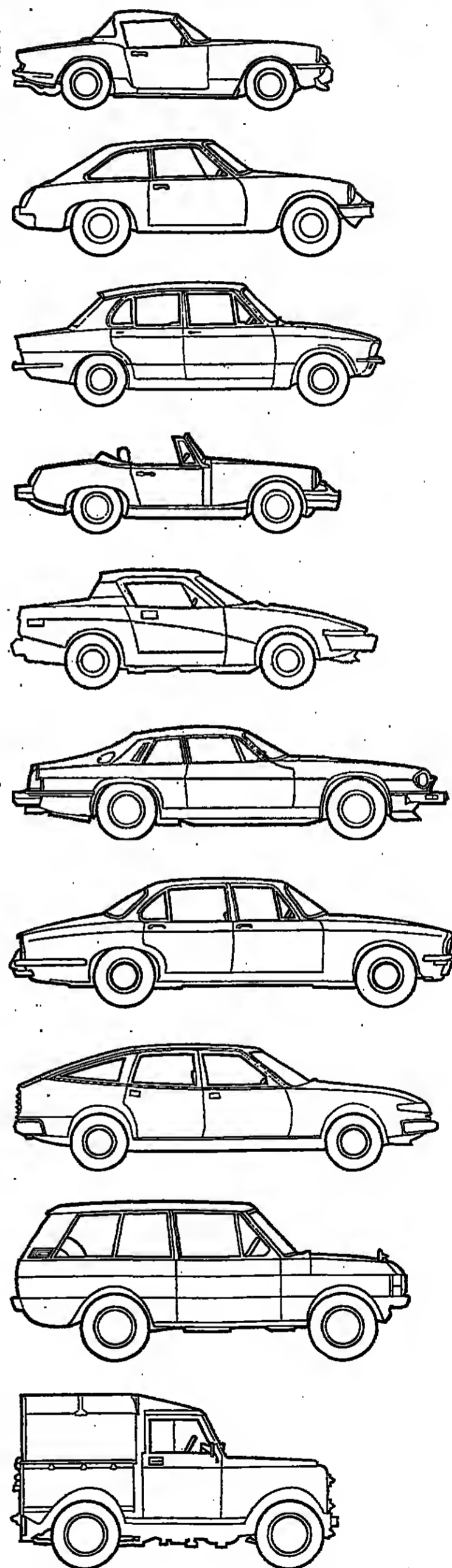
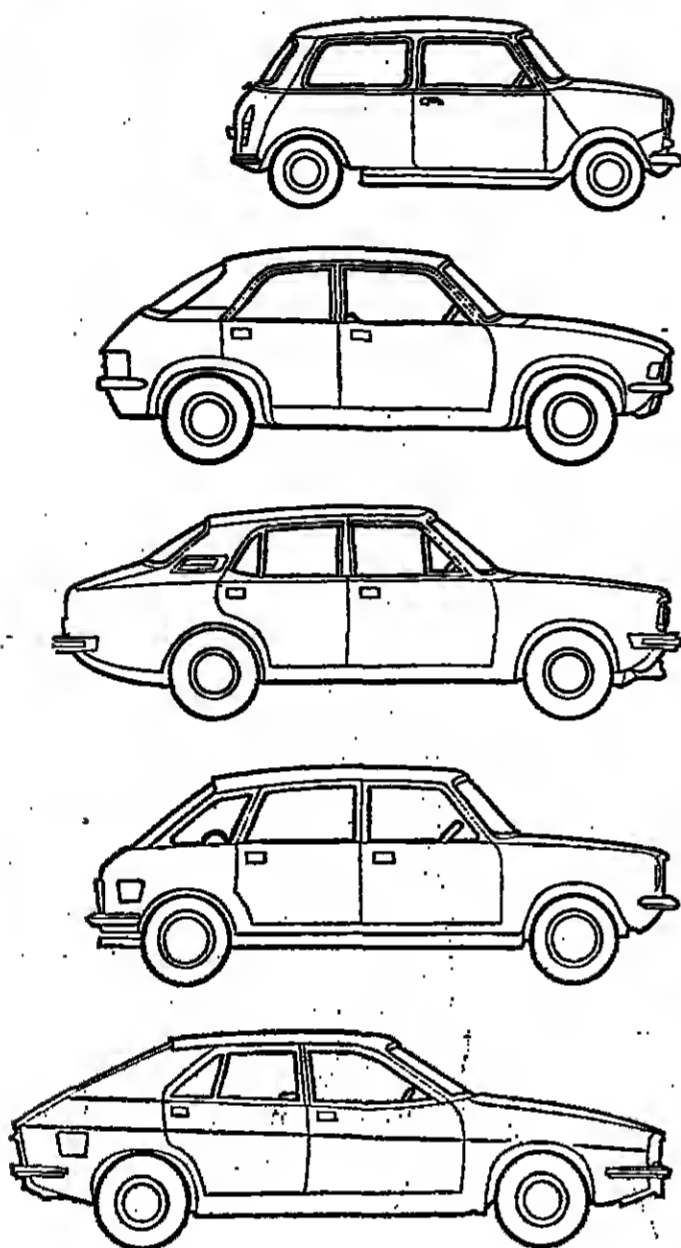
and accuracy. Doctors can examine patients quickly, and determine life-threatening conditions which might otherwise be difficult or impossible to diagnose.

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In fact our component skill has developed to a point where we make healthy profits selling to other manufacturers.

Our product range allows us to give much greater design freedom to some of the world's most skilled engineers.

It also makes sure we don't confine all our eggs in one or two baskets.

It's worth remembering, too, that in the part of our range where we are in direct competition with the "volume" giants, we make nearly ½ million cars each year, and have no less than three out of Britain's six best sellers.

A tally that's certain to increase when our extremely advanced new small car comes onto the market next year.

So don't just see us as volume car makers.

But as one of the world's largest specialist car makers.

UK NEWS

Taxmen oppose self-assessment

BY DAVID FREUD

THE Inland Revenue is sceptical about whether there would be any benefit in moving to a self-assessment system for taxing employees, according to a report released yesterday.

Secretary to the Treasury. Shortly after launching the study he told a meeting of accountants: "My colleagues and I at the Treasury come to this debate with an open mind. But I am very hopeful that this line of approach will be a fruitful one."

Debt policy attacked

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

A CALL for more comparability in the bad debt accounting policies of the major clearing banks came yesterday from Sir Jeremy Morse, chairman of Lloyds Bank.

overprovided nor underprovided, so that here again our accounts give a true and fair view to the shareholders," he said.

yesterday's meeting. Mr. Ralph Quartano, chief executive of the Post Office Pension Fund, objected to the Board's proposal to increase the bank's authorised capital by 25 per cent.

Sir Alex to become Lyons chairman

BY ANDREW TAYLOR



Sir Alex Alexander: New man at the top.

SIR ALEX ALEXANDER, former chairman of Imperial Group's food division, has been appointed chairman of the Lyons food group.

Competition blamed for fall of 1,500 in petrol stations

BY KEVIN DONE, ENERGY CORRESPONDENT

NEARLY 1,500 petrol stations closed last year in the UK largely as a result of continuing tough competition between petrol retailers and increasing costs.

reflects the continuing and difficult economics of petrol marketing," says the Institute. "Last year, like 1971, was a depressing year and prices at the pump continued to decline in real terms."

'No claims' bonus scheme for high-class builders

FINANCIAL TIMES REPORTER

THE National House-Building Council has raised the ceiling on its insurance cover to £50,000 on new houses, and is to offer a no-claims bonus to builders who perform well.

time of purchase. Mr. Peter Trench, the council's chairman, explained: "Obviously this premium-rating system is not going to transform the housebuilding industry overnight. Nevertheless, we do think it will have an important psychological impact. It will be used in the boardrooms of large firms as a measuring tool."

Bid to find new use for axed shipyard

By Ian Hargreaves, Shipping Correspondent

PRESSURE is being put on British Shipbuilders to permit the reopening of its Haverton Hill shipyard on Teesside for alternative industrial purposes.

Report hits at waste in opencast mining

BY JOHN LLOYD

THE INCREASINGLY vocal case being made against coal industry expansion on economic and environmental grounds will receive further support today at a conference in Leeds, organised by the Opencast Mining Intelligence Group.

form of creeping land erosion which completely sterilises good farm land for a period of five to ten years and leaves it permanently degraded and very restricted agricultural use."

Sir Alex, who recently joined the Allied board as a non-executive director, takes over from Mr. Keith Showering, Allied's chairman, who has been acting as chairman of Lyons since the takeover. Mr. Showering will remain a Lyons' director "for the time being."

Tyneside engine-building companies to merge

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

BRITISH SHIPBUILDERS is to merge two of its engine-building subsidiaries on the River Tyne.

larger of the two companies, is still bidding for a crucial £20m contract to re-engine four container ships for Seatrain Lines, but is facing tough competition.

Slower growth rate for architects' commissions

FINANCIAL TIMES REPORTER

ALTHOUGH ARCHITECTS continue to receive a growing number of commissions, the Royal Institute of British Architects said yesterday that the rate of increase in new work had fallen for the second successive quarter.

including industrial and commercial buildings. In 1978, rehabilitation work accounted for almost a fifth of the value of new commissions.

Aid of £6.4m to 'special need' urban projects

BY PAUL TAYLOR

THE GOVERNMENT has approved urban aid grants totalling £6.4m for projects in towns with special social needs in the financial year 1979-80.

Centre Hotels £15m shine

BY ARTHUR SANDLES

CENTRE HOTELS (Granston), now part of the Coral Leisure Group, is to spend some £15m in the next three years on refurbishing and improving its properties.

Electricity to be dearer in North of Scotland area

By Our Scottish Correspondent

THE NORTH of Scotland Hydro-Electricity Board will raise its charges by 9 1/2 per cent from April 1, a year after the last increase.

Chinese car delegation to see BL

A CHINESE motor industry delegation now in Britain is changing its plans to fit in a visit to BL plants in the Midlands today.

Ulster price study pledge

FINANCIAL TIMES REPORTER

MR. ROY HATTERSLEY, Prices Secretary, yesterday promised a Price Commission investigation into fuel and food prices in Northern Ireland, as a priority if Labour is returned to government.

vote, will compare prices between Northern Ireland and Britain and recommend means of reducing disparities.

Depositors may sue Guernsey Government

THE FIRST steps towards possible legal action against the Guernsey Government were taken yesterday at a meeting of some 50 of the 200 former depositors of Barnett Christie, the collapsed local finance company which held deposits of £1.4m.

Highest auction price for Japanese art

AN AUCTION RECORD price for any Japanese work of art, £110,000, was paid at Sotheby's yesterday by a Japanese dealer for a Kakemono vase of the late 17th century.

A Strycin polychrome wood figure of St. Peter, attributed to the Master of Grossboining around 1415, realised £16,000, and a similar of the Magdalene, from Swabia of about 1520, sold for £15,500.

NEWS ANALYSIS—UPDATING A CREAKING SYSTEM

Computer plan to ease strain of gilts deals

STOCK EXCHANGE members and the major investing institutions and brokers will have received this morning a report from the Joint Committee on Gilts-edged Settlements, which has been set up by the Bank of England and the Stock Exchange.

sent to the Bank and the Stock Exchange next month. If they are accepted, a working party will be established to thrash out technical details.

coming under strain. This was intensified by the way in which transactions were tending to bunch round short, but steep peaks. Usually these lasted less than a week or so at a time, but in October, 1977, the peak lasted much longer and the settlement system developed audible creaks.

of value, however, the proportions are not nearly so significant. The joint committee believes the answer is to reduce the flow of paper by introducing a "book entry" transfer system.

registers, send a payment record to the appropriate clearing banks to credit and debit the jobber, broker and purchaser, and finally confirm the transaction.

SALEROOM

BY ANTONY THORNCROFT

be added to the hammer price. The vase was the feature of a sale of Japanese works of art which totalled £402,852 with just 1.34 per cent bought in.

Builders close down branch

SEVENTY-TWO workers will lose their jobs when Henry Willcock & Co., builders and contractors, closes its Wolverhampton branch. After 120 years of business in the area, the workforce will be phased out over the next few months.



# "I Started A Revolution."

## Who am I?

Edward J. Daly, President and Chairman of the Board of World Airways, the world's most respected charter airline. Not exactly a wild-eyed revolutionary. But in 1967 I committed a revolutionary act felt worldwide: I petitioned the Civil Aeronautics Board for a coast-to-coast schedule with a budget fare.

## That's revolutionary?

You bet. In fact, twenty-nine years before our would-be competitors launched their much-ballyhooped "no frills" and their "super-discounts," my airline was ready to offer the lowest possible air-fares with the least possible complications to the flying public, and that 1967 petition was not the first salvo in the battle.

So why wasn't World in the forefront when budget-fares hit the headlines in 1978? Because (in the words of Senator Edward M. Kennedy) "... the CAB allowed [World's] application to remain on the bureaucratic shelf for six years and, in 1973, dismissed the application as 'stale.'"

By CAB regulations of the day, I was forbidden to offer *any* scheduled service because World is classified as a charter airline. The scheduled carriers, however, have always been allowed to fly charters in addition to their regular service.

But I haven't survived the pressures of the airline business by being deferential. In April 1975, I submitted a *new* application to the CAB, asking for an \$89 one-way fare for schedules between major metropolitan centres on the east and west coasts. The proposal, unlike most of those that were to come in its wake, made no exclusions or limitations for certain days of the week or seasons of the year. It required no minimum stay or advance-purchase requirement as others would.

While the CAB pondered, a barrage of editorial and public opinion in World's favour shook the airline industry.

A headline in the *San Francisco Sunday Examiner & Chronicle* asked, "Airfares: Sky High Rip-offs?" The *New York Times* (April 3, 1975) said, "The proposal... brought promises from American and Trans World Airlines to fight it vigorously... match it if necessary," while *Travel Weekly* (June 19, 1975) reported that "a small flood" of favourable mail had poured into the CAB offices in response to the announced new application.

\**Boston Evening Globe*, June 20, 1975.

## Even Federal Courts were on my side.

Three years passed as the CAB took further evasive action. The inevitability of inflation - with skyrocketing prices everywhere - pushed our \$89 fare to a \$99.99 fare, plus tax - still the lowest regular coast-to-coast fare. A Federal court upheld my right to a swift consideration of the application. The Depart-



Edward J. Daly

ment of Transportation issued the following blunt statement of recommendations to the CAB:

"DOT's support for World is based primarily on the fact that *World* is clearly the originator of the low-fare, high density service proposals that are the subject of this case."

In the meantime, the CAB had come under the dynamic leadership of Alfred Kahn, and swift changes began to be made as the administration threw its weight behind the concepts of deregulation and genuine competition among airlines. A lagging industry began - quite literally - to take off, as travellers took enthusiastic advantage of the "sale" and packed every plane. (Since every low fare wasn't as free of complications as my proposed one, thousands of travellers - unable to get seats on return flights - ended up on the streets of London. World was one of the first airlines to come to the rescue of these "stranded.")

On August 23, 1978, CAB administrative law judge, William Dapper, made a positive recommendation on World's proposal. It looked as if my airline would finally be allowed to join the revolution I had started twenty-nine years before.

And so it was. On March 13, 1979, the Board granted World full authorization to make scheduled flights. And so it shall be: on April 11, 1979 coast-to-coast service begins between New York/Newark and Baltimore in the East and Oakland/San Francisco and Los Angeles in the West.

## And as the revolution rolls on, the barricades fall ever more swiftly.

Immediately after I begin coast-to-coast scheduled operations, my fleet will be flying scheduled service to Hong Kong via Hawaii and Guam from Oakland/San Francisco and Los Angeles. Shortly thereafter European service will begin to Amsterdam, Frankfurt, Munich, Düsseldorf, Hamburg, Cologne and Stuttgart from Oakland/San Francisco, Los Angeles, Newark/New York, Baltimore/Washington, Chicago and Detroit at the lowest fares possible. And this is just the beginning.

## I've had twenty-nine years to plan the future.

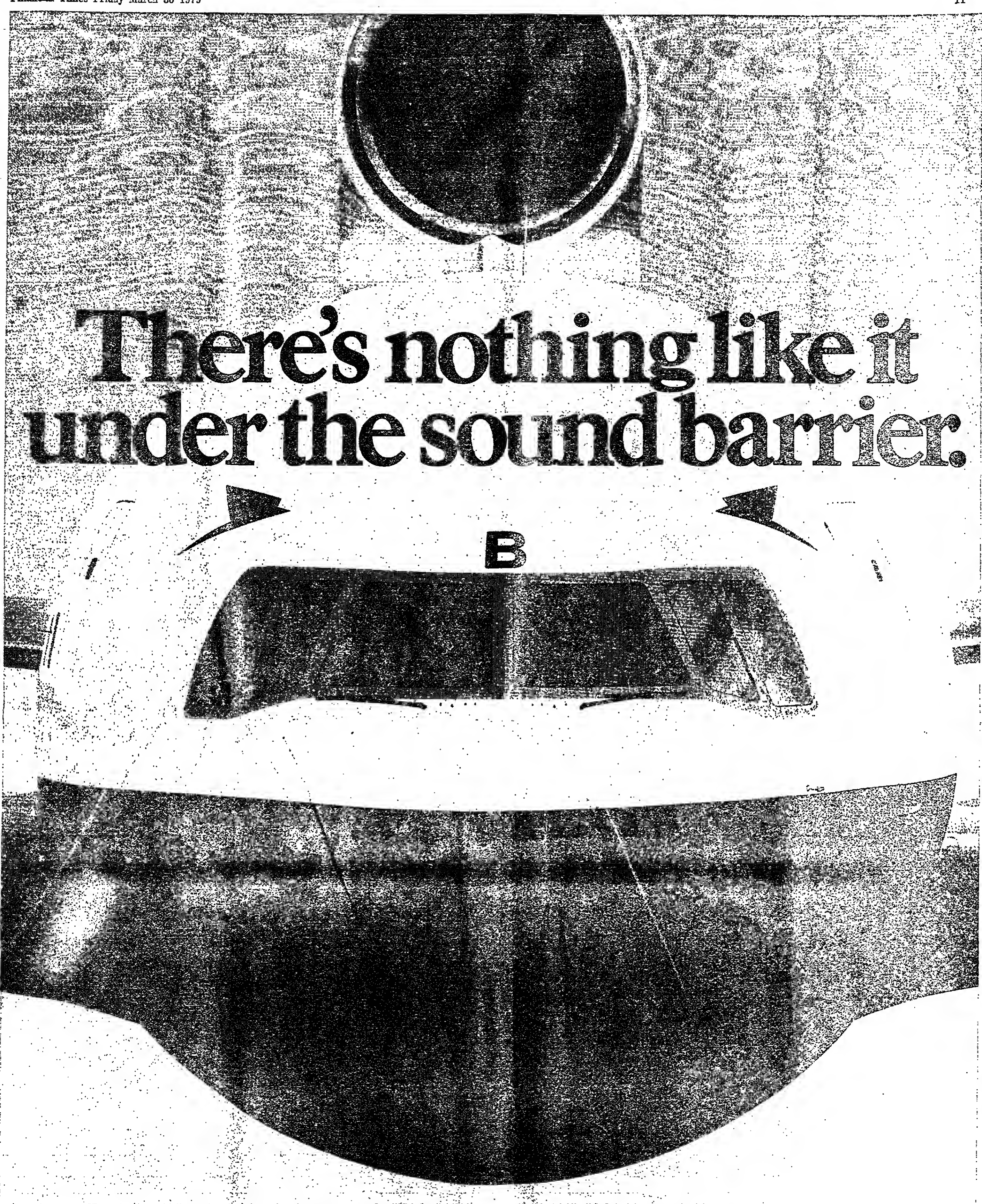
And while the scheduled competition spent its time submitting briefs to the CAB against my proposal (then finally, submitting proposals to "match" it). I've continued to run a successful charter airline and expand on the original idea. I've talked with people and organizations who have interesting ideas of their own. Ticketron, for instance, has methods and locations to simplify ticketing (*the ticket will be the reservation* - no dashing to the airport counter to find your reservation gone). With Greyhound, I've developed a concept of a linkup that might encourage an entire new segment of the population to consider flying - bus rides from the major airports that are World's destinations to and from the smaller communities that may be the passenger's destination.

Watch now, as twenty-nine years of planning is put to work.

Edward J. Daly  
President and  
Chairman of the Board  
World Airways, Inc.

 **WORLD AIRWAYS**  
For people who hate to waste money.





**There's nothing like it  
under the sound barrier.**

The new TriStar 500. It's the most advanced subsonic jetliner in the world. Its navigation control is second to none. As is the on-board computer.

It's slightly shorter than the original TriStar. But that's a breakthrough in itself: all the comfort of a wide-bodied jetliner in a plane that can travel further without refuelling. And that saves you time.

From May 7th our new TriStar 500s will be flying to Abu Dhabi and Dhahran. So you'll have a choice between the world's only supersonic aircraft, and the best in subsonic flight as well.

**British  
airways**  
We'll take more care of you.

UK NEWS - LABOUR

Ambulance settlement ends health dispute

BY PAULINE CLARK, LABOUR STAFF

THE TEN-WEEK-OLD pay dispute affecting all the major groups of employees in the health service came to an end yesterday when unions finally accepted a pay offer to Britain's 17,000 ambulancemen.

Print union advertising boycott was unlawful, QC declares

FINANCIAL TIMES REPORTER

THE National Graphical Association's boycott of organisations advertising in the Nottingham Evening Post was unlawful at common law, Mr. Peter Scott, QC, told the Court of Appeal yesterday.

Union row hits nursing college

BY PAULINE CLARK, LABOUR STAFF

THE Royal College of Nursing has become entangled in a row over union recognition a few weeks before it debates affiliation to the TUC.

NATSOPA leaders called in by Times

BY ALAN PIKE, LABOUR CORRESPONDENT

TIMES NEWSPAPERS management yesterday asked national officials of the National Society of Operative Printers, Graphical and Media Personnel to intervene in part of the negotiations which it is hoped will lead to a resumption of publication next month.

Perkins workers walkout

Financial Times Reporter

KEY WORKERS walked out at the Perkins diesel engine plant in Peterborough yesterday in a pay dispute.

Imminent

Perkins reply is imminent and although no details have been released, it is expected to be well short of the men's expectations.

UNION ELECTION REACTIONS

Tory win 'would hit TUC talks'

THE CURRENT round of Government-TUC talks had been constructive, laying the basis for an agreed economic assessment in the future, Mr. Clive Jenkins said yesterday.

Murray confident

BY CHRISTIAN TYLER, LABOUR EDITOR

THE NEW understanding between the TUC and the Government that had emerged from a "rough winter" was the way for Britain to win through, Mr. Len Murray, TUC general secretary, said yesterday.

Final offer of 3 1/2% to oilmen

THE 1,500 construction workers at a Highland oil platform yard who have been on strike for almost two months have been given a final offer of a 3 1/2 per cent increase on top of the 5 per cent accepted last November.

CONDITIONAL AWARDS OF 6th ROUND BLOCKS

(BNOG has majority interest in each licence) Phillips Petroleum Exploration UK, Hispanoil UK, Century Power and Light, etc.

ENERGY REVIEW: THE NORTH SEA

Licensing policy under the microscope

WITH THE conditional award this week of 42 new exploration blocks on the UK continental shelf, the Government is clearly hoping that the latest round of licensing can be completed in time for the new acreage to give a helated boost to exploration activity before the end of the year.

Table with columns: Field, Date, etc. listing various oil fields and their development status.

years in the previous four rounds of licensing? Such exhortations carefully ignore the fact that all oil companies like to have the maximum acreage possible in the bank.

Before the licence awards can be confirmed, however, complicated negotiations still will be completed between the oil companies and the Department of Energy on a detailed work programme for each block.

greater equity stake for the State in the country's offshore oil industry. As a result in the Fifth Round, which was offered in 1976/77, the British National Oil Corporation was given an automatic majority stake in all new licences.

exploited more quickly than earlier discoveries because of the rapid gain in experience and the development of technology. According to Mr. Peter Gaffney, of the Dallas-based petroleum consultants Gaffney and Cline, many of the delays can be put down to legislative change and uncertainty.

already asked the oil companies and the British National Oil Corporation to submit their ideas on how licensing policy could best be changed.

suggests a system in which companies would be free to come forward with applications for new acreage, whenever they feel they have identified an attractive prospect—in effect one continuous licensing round.

Advertisement for THE SCOTTISH NEW TOWNS in London, listing locations like CUMBERNAULD, EAST KILBRIDE, GLENROTHES, IRVINE, LIVINGSTON.

Advertisement for LOCAL AUTHORITY BONDS, offering details of financial times publications.

Table titled FOOD PRICE MOVEMENTS showing prices for BACON, BUTTER, EGGS, BEEF, LAMB, etc. with columns for March 29, Week ago, Month ago.

UK NEWS - PARLIAMENT and POLITICS

Electioneering season starts early

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

The Prime Minister announced yesterday that the general election campaign will start officially with the dissolution of Parliament on Saturday, April 7.

engage in a Dutch auction, in giving excessive wage increases, then the future of the country would be very bleak," he observed haughtily.

pensions in the autumn, which Mr. Callaghan had announced the previous night.

ment," he assured him. Mr. Callaghan also smacked his lips over an article which appeared in yesterday's Telegraph from Mr. Jack Bruce-Gardyne, the newly-elected Conservative MP for Knaresborough and a leading monetarist.



FRUITLESS EFFORT: The Treasury team which spent weeks preparing the Budget which would have been presented next Tuesday but will not now be unveiled. They were photographed earlier this week in the Chancellor's Treasury office.

Shadow Cabinet puts last touch to manifesto

BY ELINOR GOODMAN, LOBBY STAFF

THE SHADOW Cabinet met yesterday morning to complete details of the manifesto that will form the basis of its appeal to the electorate.

gaining," which were being frequently used by some senior Conservatives about November last year, are unlikely to be aired.

the objective of restoring full employment, also proposals for further nationalisation and other causes dear to Labour conferences.

Simultaneous polling will delay news of results

BY IVOR OWEN

FEARS THAT confusion and doubt might be caused by the decision to hold simultaneous polls on May 3 for the general election and for local government elections in most of England and Wales were dismissed by Mr. Merlyn Rees, the Home Secretary, in the Commons last night.

victory and Mrs. Margaret Thatcher's entry into 10 Downing Street as Britain's first woman Prime Minister.

in urban constituencies outside London and Scotland would arise from the need to separate the balance between the two elections.

Answering other questions, Mr. Rees hinted that, but for the Government's defeat on the no confidence motion, the Prime Minister would have called the General Election for June 7, the date for the first direct elections to the European Parliament.

Labour aims at £1m campaigning fund

BY CHRISTIAN TYLER, LABOUR EDITOR

THE Labour Party will have at least £500,000 of trade union donations to add to the £500,000 ready in its general election campaign fund.

The national executive of the NUR yesterday voted a donation of £40,000 for Labour's campaign and hopes to raise another £10,000 from its branches.

Lost legislation

THE SUDDEN election forced on Mr. Callaghan means the certain death of some legislation the Government hoped to pass before going to the polls.

safety at sea and tighten up anti-pollution measures. A Bill for a new body to control discipline and standards among nurses, midwives and health visitors.

Powell attacks Tories

ULSTER UNIONIST MP Mr. Enoch Powell denied yesterday that he had ever "done the dirty" on his former Conservative colleagues.

Call for independent Ulster

BY STEWART DALBY IN BELFAST

A NEW political group in Northern Ireland which draws most of its membership from leading Protestant para-military organisations has released its long-awaited blueprint for an independent Ulster.

proportional representation basis with single vote transference. This would mean the minority Catholics would be fairly represented and the new state would be non-sectarian, says the document.

money needed from Britain would gradually reduce as peace returned.

Sun forecast for Labour

LABOUR election victory and two sunny summers ahead for Britain were predicted in the Lords yesterday by a confident Lord Strathely.

On the Tory Front Bench, Lord Carrington, fresh from the Opposition's triumph on Wednesday, warned to the subject an "assured" that the temperatures in the UK will probably rise in the next four weeks.



Mrs. Barbara Castle Going to Europe

62 members to say goodbye to the Commons

BY PHILIP RAWSTORNE

FIVE FORMER Labour Cabinet Ministers—Mrs. Barbara Castle, Mr. Michael Stewart, Mr. Cledwyn Hughes, Mr. Edmund Dell and Mr. William Ross—are among the 62 MPs who are to retire from the Commons at this election.

backbencher and, until recently, led Labour's delegation to the European Parliament.

the 1924 election. He was defeated in 1931 but returned to Westminster in 1934 for another 44 years of unbroken membership.

Alec Douglas-Home, became Minister of Labour.

CBI tests MPs' opinions

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

FIVE-POINT questionnaire indicates the policies that a Confederation of British Industry wants to see implemented by the next Government to be published soon.

introduce fewer new laws than the present Labour administration.

A close colleague of Sir Harold Wilson, Mrs. Castle was appointed to her first Government post as Minister of Overseas Development in 1964. She was promoted to Minister of Transport in 1965 and during her three years at the department, brought in the breathalysing legislation.

Mr. James Callaghan led the successful opposition.

Retirement list

LABOUR A. Blenkinsop (S. Shields), H. Boardman (Leigh), H. Boyden (Bishop Auckland), Sir A. Broughton (Batterley), R. Buchanan (Springburn), Mrs. B. Butler (Wood Green), Mrs. B. Castle (Blackburn), Sir G. de Freitas (Kettering), Sir G. Dell (Birkenhead), P. Doig (V. Dundee), A. Evans (Caerphilly), E. Fernyhough (Jarrow), Sir M. Galpern (Shettleston), R. Kelley (Don Valley), R. King (Murray Leith), J. Lee (Handsworth), K. Lomas (Huddersfield), S. Mahon (Bootle), J. P. W. Mallalieu (Huddersfield E.), M. Orbach (Stockport S.), W. Padley (Ogmore), E. Perry (Battersea S), C. Phipps (Dudley W.), P. Rose (Blackby), H. Selby (Govan), M. Stewart (Fulham), C. Strauss (Vauxhall), F. Tomney (Hammer-smith W.), R. Tuck (Watford).

Mr. Stewart became Secretary for Economic Affairs from 1966-67 and after a further year as First Secretary returned to the Foreign Office in 1968 on the resignation of Lord George Brown.

Mr. Strauss held junior posts in the Attlee Government and has been a prominent member of many Commons committees.

Mr. Weitzman (Hackney N.), R. Woolf (Blaydon).





**THE PROPERTY MARKET** BY MICHAEL CASSELL

**Shop centres setting pace**

IN SPITE of the fact that construction costs for shops and stores have now reached about £20 per sq ft at a time when large retail outlets are commanding rents of between £2.50 and £3.50 per sq ft—not a high return when land costs are included—there seems to be large numbers of major retailing centre developments under way around the country.

It appears that the High Street or shopping centre remains an attractive investment vehicle, although the recent growth in shop rents is apparently slowing down and traders are having to fight very hard to maintain their share of the retail market. Apparently unperturbed, local authorities, developers and funds proceed at a pace with schemes or proposals.

The St. Martins Group's £20m-plus King Street, Hammersmith development is to be opened next week and 34 of the 42 shops are already let, as is the 11-storey, 89,000 sq ft office block. Four major stores are also operational. The London Borough of Hammersmith, which owns the freehold of the 8½ acre site, has retained an equity share in the scheme after granting St. Martins a 150-year lease.

Capital and Counties Property and the London Borough of Sutton are proceeding with plans for a £40m town centre development plan in Sutton in spite of a set-back in the shape of a decision by John Lewis Partnership to withdraw from the scheme. The proposals include between 300,000 and

400,000 sq ft of shopping space with another 140,000 sq ft of offices. A major pension fund is due to join the existing partners and has been involved in discussions for some time. No start date has been announced but, once underway work should take about five years.

With J. Sainsbury announcing it is to develop a £3m shopping centre in North Leeds, Lowfield Commercial Estates said it had completed a new £2m town centre development, forward funded to Norwich Union.

The Greater London Council is inviting developers to submit designs and proposals for the first phase of the Thamesmead central area, which will eventually provide about 160,000 sq ft of shopping space and 100,000 sq ft of offices. On the other side of London, construction

has begun on the first phase of the Harrow central redevelopment scheme.

The £1m project is the result of a partnership between Laing Properties, which has more than £16m of shop property in the UK, and the Borough of Harrow which is to provide the bulk of the finance. Phase one, due for completion next year, will include 70,000 sq ft of retail space—including a 50,000 sq ft Marks and Spencer store and 30,000 sq ft of offices. Phase two will cost an estimated £15m.

Chesterfield Properties has started on a Rugby central area redevelopment plan which will provide about 50 shops, two stores and a 500-vehicle car park. The £6m development is due to open before next Christmas. Sainsburys and International Stores have taken the largest units and space is being let on a full repairing and

insuring 25-year leases, subject to five-yearly rent reviews.

To the west of London, the Elmleigh shopping centre has just been topped and is due to open this autumn. The £9.5m project is being carried out by Grosvenor Estate Commercial Developments in partnership with Spelthorne borough council and the British Petroleum Trust. Nearly 250,000 sq ft of retail space will be available.

Over at Wood Green in north east London, the town centre redevelopment programme—known as the Haringey central area—has reached its 10th anniversary. By 1985 all the most significant development should be completed, including the £30m regional shopping centre. Partners in the mammoth 93-acre scheme are Electricity Supply Nominees and the borough of Haringey.

Equity and Law says it continues to look for a better spread for its UK property portfolio, to embrace industrial property, shops and farms (a large farm purchase in Lincolnshire went through in August). Geographical location as well as the type of investment property is a major consideration and the group is still moving away from what it believed to be an unsatisfactorily high involvement in south-east office property.

At the end of the year, Equity and Law's property holdings had a market value of £179m against £135m 12 months earlier. Overseas, property investment remains less significant, though its UK-based subsidiary Grandviva Properties keeps an eye on the Continent.

Details also this week of

**Grenfell company in bid talks**

INTERESTING TIMES for Morgan Grenfell, which advised the Dutch property group Wereldhave during its unsuccessful bid for EPC.

The merchant bank now finds that a Wereldhave bid could be in the air for European Property investment, which Grenfell set up in 1973 as a vehicle for institutional property investment in Europe.

Wereldhave made an unsuccessful bid for the company late in 1977. It failed to get off the

ground because the group did not notify the Amsterdam stock exchange—EUPIC is capitalised on the Dutch stock market at nearly £41m—of its approach within the required number of days.

An announcement this week from EUPIC said a number of parties interested in the possibility of "taking a participation" in the company had come forward. One of the discussions had gone as far as initial talks on a fullscale bid. Several UK institutions, Robec and Wereld-

have are shareholders in EUPIC, along with the five initiating banks.

Commercial Union Properties this week saw the completion of its Caxton House, Westminster, redevelopment scheme, carried out at a cost of £12m by Trollope and Colls and providing 285,000 sq ft of office and banking accommodation. The entire building has been pre-let to tenants of the old building, the Department of the Environment and National Westminster Bank.

**Equity & Law spreads its wings**

HOT ON the heels of Legal and General and Standard Life come the 1978 figures from Equity and Law Life Assurance, which also show an expanding property portfolio.

A 16 per cent rise in dividend was accompanied by an increase in the shareholders' allocation of profit by £212,000 to £1.57m. Although it says it never became disenchanted with property, Equity and Law investment in this area has certainly perked up.

After three years of putting most of its new money into gilts, it has now made a significant return to equity and property markets. During 1978 it put £20.6m into property (£19.5m into equities) against a disinvestment of just under £10m in 1977. During 1976 it had run down its property holdings by about £12m.

Equity and Law says it continues to look for a better spread for its UK property portfolio, to embrace industrial property, shops and farms (a large farm purchase in Lincolnshire went through in August). Geographical location as well as the type of investment property is a major consideration and the group is still moving away from what it believed to be an unsatisfactorily high involvement in south-east office property.

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Details also this week of

Prudential Pensions property fund, which by the end of last year stood at £142m, £46m up on 1977. The value of the invested portfolio was £122.5m, a substantial rise over the previous year's figure, reflecting the purchase of 23 properties. Agreements to purchase four more properties, and proposed expenditure on existing investment properties, represent commitments of about £8m.

The fund says that one effect of the strong pressure of demand for prime office and industrial space over the last year has been that the less popular investments (those with distant reversion dates, long rent review periods, leaseholds, etc) are no longer so heavily discounted by the market.

It is just this type of property in which the fund has for some time been deliberately picking out as an investment vehicle and acquiring at favourable prices. It claims that this

policy is showing a return, with a considerable increase in capital values on a number of such acquisitions. As rent reviews are negotiated and reversion dates approach, there is likely to be considerably more growth from this source.

Commenting on recent concern over the increase in the gap between yields obtainable on property and the general level of short- and long-term interest rates, the fund acknowledges that the property sector is now far less concerned with rises in short-term rates.

It says that while long-term rates have more influence on the market, not even their recent upward movement has had any effect on property yields. On the contrary, yields have tended to decline and it seems that the considerable upward movement in rental values during the last year has reinforced expectations of substantial rental growth in the future.

**Victorian block sold for £2m**

WESTMINSTER Palace Gardens in Artillery Row, Westminster, has been sold by Land Securities to charity clients of agents Leavers for over £2m. The Victorian building comprises shops, offices and 25 vacant flats and the building produces an exclusive annual income of £157,000 although substantial rent reviews are due in the next three years. Chestertons acted for Land Securities.

Royal Insurance has embarked on a reconstruction and refurbishment scheme at Cornhill, Lombard Street, EC3. The scheme is due for completion next July and will provide over 48,000 sq ft of office space on a site overlooking the Bank of England. Royal has occupied the site since 1836 but agents St. Quintin have been asked to find a single tenant for a 35-year lease involving an annual rent of about £1.1m a year exclusive.

Morgan Guaranty Trust has completed plans for Angel Court, its new City headquarters (renamed Morgan House). It is seeking £22.95 a sq ft for the 73,200 sq ft of space which it will not use itself.

The building has a floor area of 215,000 sq ft and was developed by the Clothworkers' Company in conjunction with Electricity Supply Nominees. Morgan Guaranty signed a 35-year lease, with an option for a further 25 years, last year at a rent of about £3m a year. Based on the bank's asking rent for the space to be sub-let (it eventually plans to occupy the entire building) the building has a rental value of just under £5m.

**EPC sheds albatross site**

WITH English Property Corporation apparently now in the hands of Olympia and York Developments after one of the property world's more interesting recent tussles, there was confirmation this week that EPC has shed the albatross of its Nice redevelopment site.

The site—which has never progressed beyond a hole in the ground, and which could now cost £15m-£18m to develop—has been sold to MABCO, The Hague-based building and development group, for £5.5m.

Announcement of the sale of EPC's three-acre site in the heart of Nice—acquired almost

a decade ago in the days of Star (Great Britain) and Mr. Robert Pötel—came at an early stage in the recent battle for control of the group. The transaction was the main reason why Dutch suitor Wereldhave raised its unsuccessful bid from 32p to 44p, still 16p short of Olympia's final offer.

At the height of the fight for control, there were a few nasty moments when doubts were voiced about the certainty of the MABCO deal. Now it is up to the group to tackle what Wereldhave describes as "a car park in a river with a library on top to stop it floating away."

**INDUSTRIAL AND BUSINESS PROPERTY**

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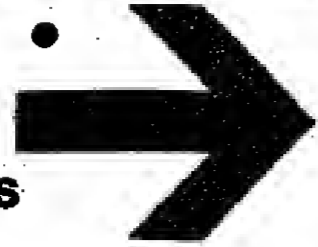
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## FINANCIAL TIMES SURVEY

Friday March 30 1979

## Belgian Banking and Finance

Alongside lack of political direction until the Government crisis is resolved, Belgium's business and financial community is having to cope with an uncertain economic situation. Industrial activity is up, for example, but so is inflation; industry is short of funds, but interest rates remain high.

**ECONOMIC FORECASTERS** must be used in seeing through a glass darkly, but in Belgium they have not late found themselves peering with some puzzlement into a distorting mirror. For in recent months many of the Belgian economic indicators and trends have reversed direction. Just what some of these comparatively abrupt changes add up to is still the subject of speculation rather than clear-cut forecasting, although the general consensus is that this year will see a moderate cyclical expansion with real GNP growth topping 3 per cent and thus standing at twice the annual average for 1974-78.

In the new and topsy-turvy picture that is emerging the first casualty is Belgium's much vaunted victory over inflation. It appears that the battles that last year saw the inflation rate decline down to an annual rate of 3.7 per cent in the autumn have not won the war. There are strong fears that rising prices of imports will by the end of 1979 have pushed the rate back up to around 4.5 per cent. A second turnaround has been in unemployment. Belgium's stubbornly high jobless total, which had been standing at 17 per cent and was second only in the EEC to Ireland's, shows signs of responding to treatment. In part this is due

to State employment schemes and the controversial growth in the size of public services, but unemployment, which has been growing inexorably since 1974, had in January last fallen back to 252,000 from an August 1978 high of 287,000.

The relieved calculation that some observers are beginning to make is that Belgium's efforts since 1975 at industrial restructuring are now paying off. The proportionate weight of such problem sectors as steel, textiles, paper, clothing and footwear in the country's manufacturing and processing industry has fallen from 26 per cent in 1974 to 19 per cent last year.

An equally cheerful about-turn has been registered in Belgium's industrial production. Last summer saw the end of 18 months of gradual decline, and between June and November 1978 the index rose 5.7 per cent, which on an annual basis meant a growth in production of 13.7 per cent on the country's industrial production index, which has a 1970 base of 100. Output has now overtaken the mid-1974 high of 122 and the end-1976 recovery of almost 120 to reach around 123 in the closing weeks of last year.

Just as important during 1978 the use of Belgium's industrial capacity rose from 72 per cent to 75 per cent. Among

the key sectors, metallurgy improved during the July-November period of 1978, in comparison with the corresponding months of 1977, by 12.6 per cent, while the electrical and chemical sectors increased by 10.7 per cent and 7.3 per cent respectively. To a large extent

union—rose 8.5 per cent in value during the July-November 1978 period.

In volume terms the increase recorded for the third quarter of last year, the latest available, was 4.3 per cent and, given the country's traditional dependence on foreign trade, that

Belgium's big three banks, recently pointed out: "In contrast to the classic Belgian cycle, there was no comparable resumption of imports, so that the trade deficit of the UEBL (Belgo-Luxembourg economic union) dropped 50 per cent. For the first 11 months of 1978 it

contrast to the BFr 2.6bn surplus chalked up for the comparable 1977 period.

The Belgian authorities seem quietly confident that the formal introduction in mid-March of the European Monetary System (EMS), which had an apparent stabilising

coming under pressure, would cost the country dearly.

Belgium's dogged defence of the franc is estimated to have cost around BFr 100bn last year, and the National Bank of Belgium—the central bank—reportedly has BFr 225bn in net external assets which it is prepared to commit to discourage speculators. But it is not the country's franc policy that excites the most interest and controversy in Belgium; rather it is the policies that have resulted in soaring public expenditure and a rapidly widening budget deficit.

Belgium's continued lack of a government is also starting to create problems. Since M. Tindemans' resignation there has been a caretaker government under M. Paul van den Broeynants, but with successive negotiations between the six major political parties on a new coalition it has had no mandate to undertake planned reforms of public finances. The result has been that the Government dominates the domestic capital market, for it is its present policy to avoid foreign borrowing, and it has kept interest rates artificially high while allegedly depriving industry of adequate access to the market.

Some analysts are now pointing out, however, that while fresh risk capital has become scarce because of Belgian companies' low profitability, debt financing has increased to a worrying level. Belgium's third largest bank, Kredietbank, recently calculated that the solvency ratio of industrial companies—the relationship between equity and total assets—has declined from 50 per cent in 1964 to only 29 per cent in 1977. It warned that the very marked increase in indebtedness was tying down the country's major companies to interest payments and debt redemptions, and was thus placing them in a very vulnerable position.

## Economy on a seesaw

By Giles Merritt

the recovery of Belgium's steel industry, which is structurally as weak as most of its EEC counterparts, was based on increased exports and the replenishment of domestic stocks. But even the hard-pressed textile industry managed a 4.9 per cent July-November output increase.

Not only the steel industry has benefited from stronger export demand. Japan, West Germany, Italy and France also provided a boost for chemicals sales, and total 1978 exports from Belgium and Luxembourg—which are linked in economic

progression was translated into higher activity in such other sectors as power generation, electrical engineering, vehicles, paper and cardboard. It did not, however, arrest the decline of Belgium's more stagnant industries such as clothing, food and mechanical engineering.

In keeping with the economy's present pattern of reversing many of its best-established trends, the boom in foreign trade has also produced the unexpected phenomenon of no accompanying imports boom. As analysts at the Banques Bruxelles Lambert, one of

was thus running at a deficit of BFr 6.3bn, as against BFr 8.5bn during the corresponding period in 1977.

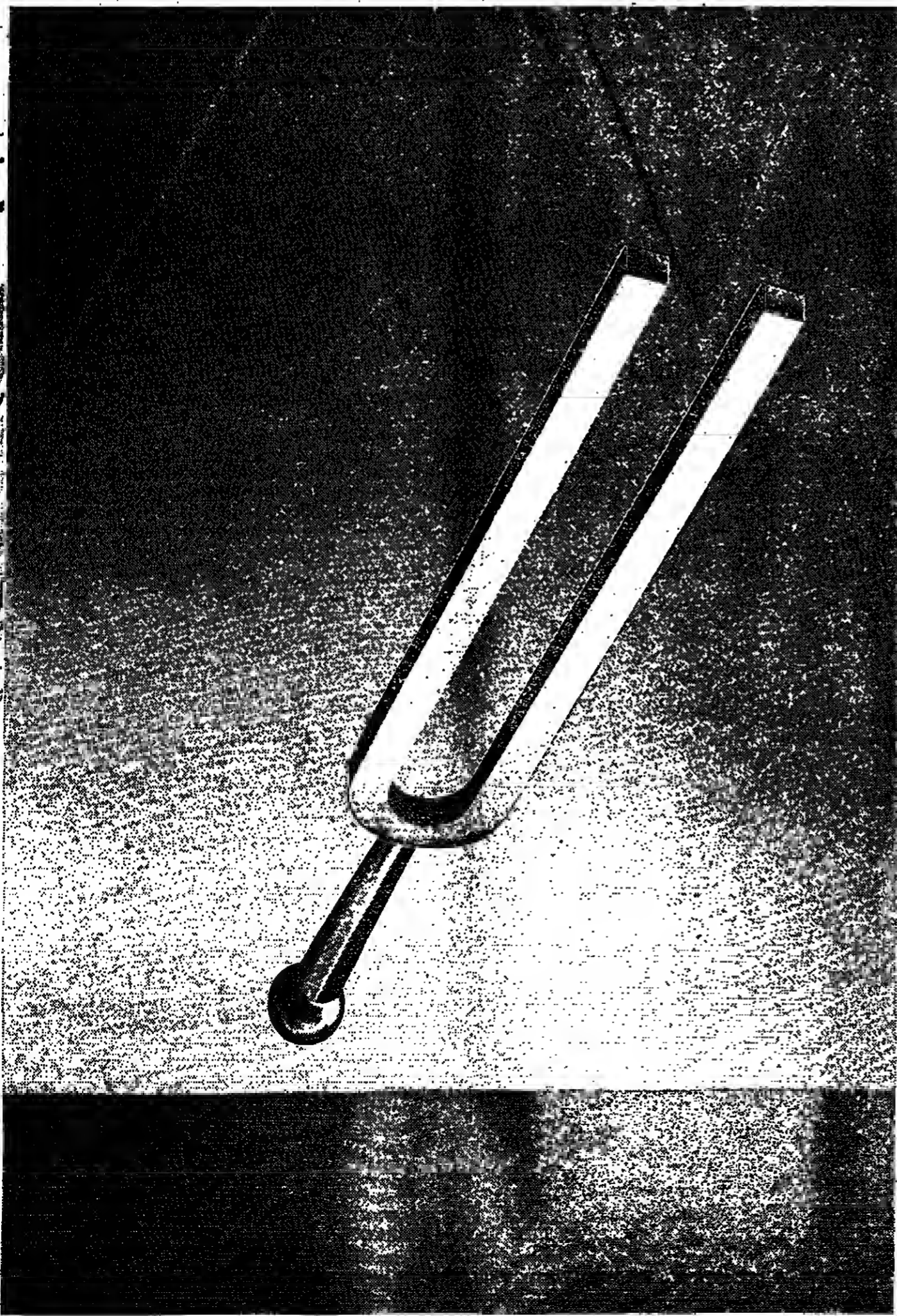
Just to underline the contrast of the economy that improvement in the Belgo-Luxembourg balance of trade did nothing last year to prevent a sudden reversal of the usually sound overall balance of payments position. Because of the headlong fall of the dollar and the exchange rate crises of May-October 1978 there was a BFr 33.2bn payments deficit for the first 10 months of the year. In

effect on exchange rates even during the ten first weeks of this year when its launching was delayed by a Franco-German farm policy row, will prevent a recurrence of last year's capital outflows.

Keeping in step with the D-mark inside the EMS is of course vital to Belgium. Over 40 per cent of Belgian exports go either to West Germany or Holland, and the Belgians are uncomfortably aware that any marked increase in their inflation rate, or any adverse domestic developments that would result in the franc

## Deficit

In 1977 the deficit represented 6.6 per cent of GNP; last year that proportion grew to 7.2 per cent. Despite promises by the government of M. Leo Tindemans, which resigned in October 1978 over the country's insurmountable language and regionalisation wrangle, to peg the 1978 deficit to BFr 60bn, it recently emerged that the final figure was BFr 178bn. The authorities have pointed out that that was an improvement on the BFr 188bn forecast last July as the year's likely deficit, but the figure is giving rise to serious concern in industry. This year's expected budget deficit is being put at BFr 205bn.



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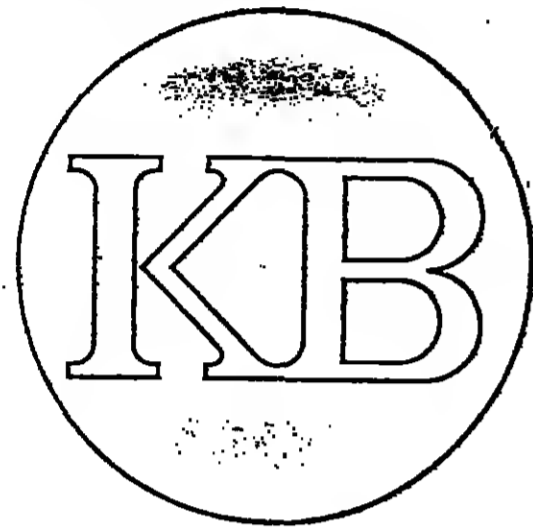
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# The Luxembourg connection

LUXEMBOURG HAS grown into an increasingly important Euro-business centre imposing on major Continental European banks conducting international business the need to be represented there. A unique feature is that much of the Euro-business is denominated in European currencies rather than the dollar. In recent years, however, the dollar has maintained, if not increased, its market share.

The city now accounts for roughly 34 per cent of the Euro-Deutsche Mark market and about 12 per cent of the Euro-dollar market. Transactions are settled roughly 44 per cent in Euro-D-marks and about 45 per cent in Eurodollars.

Foremost among international

banks in Luxembourg are the West Germans, which represent about 55 per cent of the balance sheet total—or around DM 85bn. The first German international bank to arrive was Dresdner Bank International, which paved the way for subsidiaries of the other major German banks to be established. There are now 24 German banks out of roughly 100 altogether.

German banks came for a variety of reasons. A declining German domestic growth rate together with the increasing world importance of Germany's economy and trade provided a major impetus to the international side of German banking activity. Moreover minimum reserve requirements inside Ger-

many meant that Eurobusiness, some of which was connected to this trade, had to be arranged outside Germany, especially when denominated in the Deutsche Mark, which has now grown into an important reserve currency as an alternative to the dollar.

As well as its growth as an "offshore" centre, Luxembourg's legal structure and already expanding role in international banking, holding company and Eurobond activity provided an obviously convenient financial and geographical base for the German banks. An analysis of their activity shows about 50 per cent loan business, 35 per cent in money market activity—mainly trading in deposits—and

the remainder in securities comprising Eurobonds and domestic German bonds.

Luxembourg accounts for 25 per cent of the market in international syndicated Eurocredits to non-banks on 1978 figures measured against Bank for International Settlements statistics, compared with about 16 per cent in 1973. A measure of Luxembourg's importance in the Eurocredits market is the ability of banks there to syndicate large credits internally. A DM 500m Euroloan for Mexico and DM 400m credit for Denmark were syndicated entirely in Luxembourg last year.

As the centre becomes more important in this field there is growing resistance among the

banks to the decline in spreads and lengthening of maturities of Eurocredits. A recent borrowing by a Brazilian agency had a 15-year tranche which had to be placed as a "club" loan owing to resistance to its syndication by the banks.

Furthermore, Luxembourg banks have been largely unassociated with efforts by French borrowers to bring the interest rate margin down to 1 per cent and below, while the recent concern among banks during the Iranian revolution was less marked because of the lower exposure of Luxembourg banks to Iranian borrowers in proportion to other centres.

Another major side of international business—which accounts for around 65 per cent of total banking activity—is the money market. In this Scandinavian banks are also quite active, although to a much lesser degree than German banks.

Luxembourg functions as a refinancing centre, accepting deposits to match against revolving syndicated credits. As well as organising credits themselves, many banks also carry credits on their books which have been granted by their parent banks. The most active deposit periods are three and six months and business in longer term positions is much thinner. Euro-mark deposits rarely extend beyond one year and in any case very few credits revolve on periods over one year.

But despite the continued growth of the banking sector, volume business is estimated by the market to have risen by only 14 per cent last year, while the banks' aggregate balance sheet total expanded around 18 per cent. Few newcomers to the banking community are foreseen. Moreover, some market observers expect the rate of growth in business to slacken off slightly in the next few years.

There are two areas of activity where growth on a high scale is not expected. In foreign exchange, a small market exists for several currencies, but in D-marks, for example, there is little chance of competing with a centre like Frankfurt, while dollar foreign exchange is also of limited size. Some of the Scandinavian banks deal in foreign exchange, circumventing central bank regulations imposed on their parent banks at home.

Trading in other currencies such as the Swiss franc is active, but the volume as a proportion of business in Luxembourg is fairly small and not likely to grow rapidly.

By a Correspondent

## Solidly behind the EMS structure

THE LONG heralded European Monetary System (EMS) was finally born in mid-March to the immense relief of most of the smaller countries in the European Economic Community, not least Belgium.

Conceived in Copenhagen at the EEC summit meeting a year ago, its gestation period lasted throughout the following summer and should have led to a joyful birth at the last summit in Brussels in December.

But probably for internal political reasons French President Valéry Giscard d'Estaing decided to turn a routine community disagreement over farm price taxes and subsidies into a major political issue, and used this dispute with West Germany, the other sponsor of the EMS, as a lever to delay the formal start of the new monetary system.

### Cloak

Instead of coming into force with the New Year, EMS therefore had to wait until the March 12-14 Paris summit meeting to be granted its official birth certificate, together with a cloak of respectability, after its parents had publicly made up their differences.

The EEC's much described but little understood system of monetary compensatory amounts—which even out the differences between actual foreign exchange rates and the theoretical levels used to calculate farm support prices—had threatened to abort the Franco-German scheme to bring more stability to Europe's currencies, boost trade and thus eventually ease dangerously high unemployment levels.

For more than two months the French claimed that these taxes gave an unfair advantage to German farmers but failed to bring home the promised bacon for French producers. The dispute became so bitter that at one stage it seemed

the EMS would never start. People began to say that conditions on the foreign exchange markets were so quiet that it would be better to leave well alone, and that the formal introduction of the system would in itself incite speculation on the part of some major banks with extra funds in their pocket and safe targets to aim at.

However, at a meeting of EEC farm ministers in Brussels early in March, France decided that little more could be gained and any further delay to EMS might mean that it would never get off the ground at all. It clearly indicated to its partners that it was willing to soften some of its demands and would accept an elegant way of tactfully climbing down.

This shaky and uncertain start to EMS does not seem to have shaken the official, almost blind, faith that Belgium politicians have shown over the past few years for any form of currency stability that might be gained by adhering to a currency bloc holding out the promise of fixed or only slightly fluctuating exchange rates. Belgium's problem is that, despite being prosperous, there is nothing it can do about the fact that it is small; nor can it change the basic imperative in its industrial life of being obliged to export more than it can consume at home. Given its geographical limits and resources, successive Belgian governments over the past few years have repeated the incantation that a hard currency is vital to protect it from imported inflation and to keep prices down at home.

The Benelux countries—Belgium, Holland and tiny Luxembourg—all felt the need to band together and formed the precursor of the European joint float early this decade by

limiting the fluctuations of their currencies within tight bands. The float, or snake, as it is called, started in 1972 as an EEC-wide arrangement, but with the successive departures of Britain, Ireland, Italy, France and Sweden it turned rapidly into nothing more than a D-mark zone with the smaller countries of the Benelux, Denmark and Norway floating around the all powerful German economy, on which they all depend to a greater or lesser extent.

Each time another country left the system the problem for West Germany's smaller satellite nations increased. Germany's powerhouse economy set a breathtaking pace which they were never able to match, despite their own solid and very respectable economic performance. Added to the strength of the German machine were additional problems caused by the effect on the snake of outside exchange rate movements, and principally those of the U.S. dollar. Every time the dollar took another nosedive, or speculators moved out of gold into strong currencies, the D-mark was given another nudge upwards.

### Larger

The EMS will have far larger credit facilities to back it up than the snake, some wider fluctuation bands and benefits from a greater degree of political commitment on the part of the eight governments directly involved at the outset. However, it will not be protected from the effects of another volatile swing in the fortunes of the dollar, and parity changes must also be expected under EMS in the future.

For Belgium, therefore, the inclusion of France, Italy and Ireland on top of the current

snake nations—and the possibility that Britain may become a full member later this year if there is a general election—will have the great attraction of bringing more balance into what was threatening to become a heavily over-weighted organisation. While there is no guarantee that Belgium's problems inside EMS will be any less than they were inside the wriggling snake, Belgian politicians are obviously hoping that the political and economic counterweight provided by other major EEC countries will go some way towards solving them.

Backing up its enthusiasm for a semi-fixed system of exchange rates Belgium has foreign exchange and gold reserves of over BFR 240bn and has proved in the past that it is willing to commit a fair amount of these funds rather than be forced to devalue its currency. Last autumn, it ran up a debt of BFR 45bn with West Germany before market pressure forced through a small mark revaluation. This has now been cut back to around BFR 15bn but could soon build up again during a new crisis.

The irony of the political furor over the official starting date for EMS is that the system has, in effect, been functioning quite smoothly since the start of the year, and as far as the French franc and D-mark rates are concerned, probably since the last few months of 1978 as well.

Senior American officials have said the U.S. will be happy to co-operate with the EMS to help it achieve its goals after they had been convinced it will not compete with the IMF, although EMS participants still have to work out a comprehensive joint policy towards the dollar.

By a Correspondent

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BELGIAN BANKING III

# The State a heavy borrower

THE OVERRIDING share of the domestic Belgian capital market is taken up by the State either through direct Kingdom of Belgium borrowings or indirectly through State-backed agencies. These include the Fonds des Routes, the State roadbuilding fund, and the industrial credit agency, Societe Nationale de Credit a l'Industrie (SNCI). There seems little sign of a change in this trend, with the lion's share of the 1978 total of bond issues, BFr 280bn, accounted for by the State.

This year the Kingdom has already floated its first bond, which raised a record of BFr 65.5bn—although on terms that took two or three days of intensive discussion to fix and reportedly left the Minister concerned angry at the banking consortium which subscribed to a large slice of the loan. The 99½ issue price for the eight-year bond bearing 9 per cent interest is in fact a demonstration of the market's resistance to its dominance by the State.

borrow abroad, along with its large budget deficit financing needs. Apart from BFr 12.2bn borrowed from the Bank for International Settlements (BIS) last year, the Government's declared policy is not to borrow on overseas markets. It therefore sees the domestic capital market as the principal source of financing the budget deficit. This has been officially estimated at around BFr 80bn for 1979 but unofficial estimates put it at over BFr 100bn. The State guards its share of

the capital market by discouraging most foreign borrowers from tapping the public capital market, although it does permit some international institutions to do so. Last year these included the European Investment Bank and the European Coal and Steel Community. Although the amounts raised were relatively small, the terms were finer than those obtained by the State. Foreign investors are also deterred in most cases from placing funds in Belgian

bonds by the 20 per cent withholding tax on the coupon, which applies to residents and overseas investors alike. The recent SNCI issue was free of tax, however, and attracted quite lively foreign interest. This was only frustrated by the fact that a Belgian consortium of banks and savings institutions subscribed four-fifths of the issue. Belgian bonds are often largely subscribed by consortia of major banks and savings institutions. These are

usually dominated by the three banks in Belgium, Societe Generale de Banque, Banque Bruxelles Lambert and Kredietbank. Bankers expect such a consortium to subscribe to about BFr 30-35bn of the forthcoming roadbuilding fund issue, leaving BFr 5-10bn available to private investors.

The large banks are also part of major groups holding extensive industrial and commercial stakes in major sectors of Belgian industry. It follows that many corporations can borrow directly from the banks without needing to resort to a bond issue. This tends to overcome the prospect of crowding out for the corporate sector from access to funds because of the State's dominance of the public bond market.

level of direct and indirect State borrowing has kept long-term interest rates relatively firm. Indeed a recent report by the Ministry of Economic Affairs noted that despite the persistence of factors that indicate a continuing improvement in the economic outlook, an important constraint is the effect of long-term interest rates on the low level of industrial investment. This would seem somewhat at odds with the policy of the National Bank. Since it raised interest rates last October in defence of the franc, the bank has been following a cautious policy of lowering its monthly advances rate—the Lombard rate—and its penal rate for discounting the "B" quota that commercial banks can discount with it. From 8.5 per cent early this year these rates have

declined to seven per cent. The bank's declared policy is to combine conditions that help keep the franc stable with interest rates as low as possible, in order to encourage industrial investment. But despite recent signs of a slightly easier tendency in long-term rates, market expectations are that these rates will stabilise around current levels. In other words the rate for an eight to ten-year bond is not expected to go below the 8½ to 9 per cent band. Yields are often even a few points higher as many bonds are not priced at par and often trade below issue price in the aftermarket. Observers see this stability in long-term rates as vulnerable should the franc once again become subject to speculative attack.

## Domestic profits under pressure

DESPITE THE recession, the number of bank branches per 100,000 inhabitants has risen from 24 in 1965 to 37 at the end of 1977. The growth in deposits has been slowing down from the 15 to 20 per cent in the early seventies but is still around 10 per cent a year. The number of accounts and savings accounts in 1977 rose by 7

per cent. More than half the increase in deposits in the year ended last September was due to increased savings by individuals. The domestic banking scene is dominated by three big banks—Societe Generale de Banque, Banque Bruxelles Lambert and Kredietbank.

that the growth in business has not been matched by growth in profitability. For every 100 francs handled, the banks on average had gross profits before tax of 1.08 francs in 1970 and only 0.84 in 1977. Tax has taken an increasingly large slice, so that only eleven centimes could be set aside for reserves for every 100 francs in 1977, against 17 centimes in 1970.

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Societe Generale de Banque was until fairly recently by far the largest of the Belgian banks. It still is No. 1 with a balance sheet total of nearly BFr 750bn, but the merger of the Banque de Bruxelles and the Banque Lambert three years ago created a close rival.

Despite the name, La Generale is not an offshoot of its French namesake. It began life as the banking division of the Societe Generale de Belgique, now the largest portfolio holding company in the country. Like the holding company, the bank's top echelons were almost exclusively French-speaking. Nevertheless it is the most widely spread bank, with its 1,200 or so branches scattered throughout Flanders as well as Brussels and French-speaking Wallonia.

Its influence is somewhat greater than the bald figures suggest, however. It is the main banker to the Government, plays a leading role in the flotation of Government stock, and is occasionally used discreetly by the authorities to intervene on the right side in the foreign exchange market when the Belgian franc is under pressure.

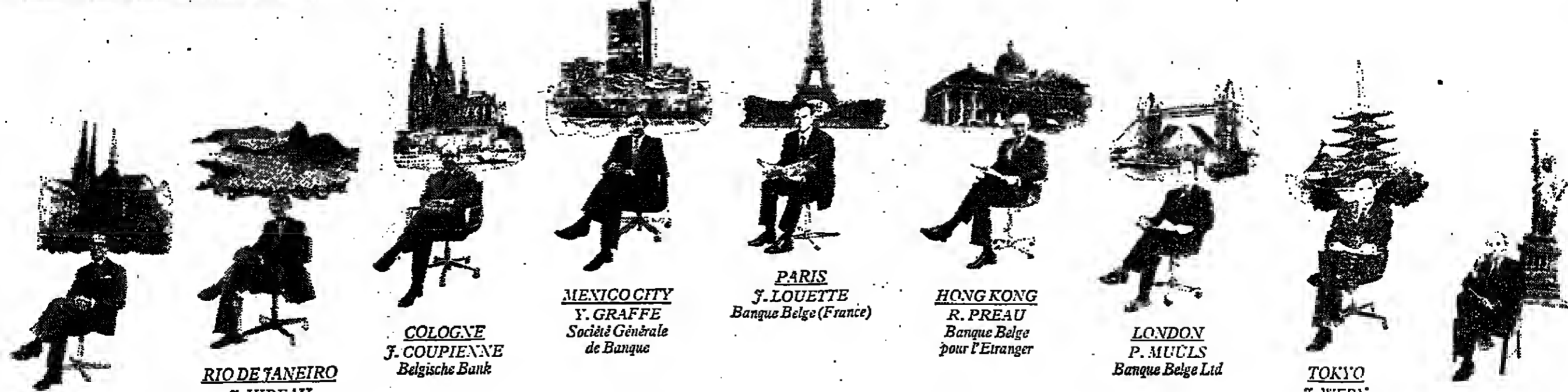
Control is the responsibility of the Belgian Banking Commission, which under the "mammoth" law of 1975 now has sweeping powers to investigate a bank's books and even to take over its day-to-day operations if necessary.

The main creditor interest rates are co-ordinated, in the interests of monetary policy, by a concentration committee chaired by the National Bank. After years of bagging the three main financial sectors—the banks, private savings banks and public credit organisations—have agreed in principle to carry this harmonisation further. The aim is to standardise all the conditions attached to the various forms of saving which could influence their effective yield.

If confirmed, this agreement will be voluntary rather than legislative, but it will increase the authorities' control over the maximum rates offered to depositors and ensure that the various financial institutions compete on an equal basis. Competition is in fact intensifying in terms of service if not interest rates. Automatic cash dispensers are becoming common. Smaller banks in particular set out to woo customers with personalised service—one, for example, remaining open until seven in the evening. Banking hours are flexible, one bank closing at lunchtime but staying open until half past three, others remain open as late as four even without lunchtime closing.

Brian Donaghy

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BELGIAN BANKING IV

Euromarkets role under curbs

FOR THE country which, in 1961, gave birth to the first Eurobond Belgium's importance today to the international capital market is a shadow of both what it was and what it could be.

Nevertheless, there appear to be three basic constraints on Belgium's involvement in the international capital market.

In Luxembourg and a viable proposition elsewhere. In addition, the Belgian rules allow finance companies to issue bonds to foreign investors free of tax provided that these bonds are registered bonds rather than bearer bonds.

guilder, Swiss franc, D-mark and the Belgian franc itself. A typical large bond fund was down to a dollar holding of just 15 per cent last year—though it has since worked its way back up to around 25 per cent, much of it still short-term.

While this placing power assures Belgian banks the right to co-manage many international bond issues, the fact remains that their hands are tied in the primary market.

The State chooses not to borrow abroad, except through its financial institutions. They cannot deploy the Belgian currency internationally because the Euro-Belgian frame market has been suppressed.

With all these handicaps the Belgian banks still do profit well in the underwriting league tables. In a compilation by Institutional Investor giving full credit to each manager, Kredietbank Luxembourg, the affiliate of the Belgian bank of the same name, was placed tenth.

Nicholas Colchester

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Category

There is a restricted category of Belgian borrower (described later) which can issue Belgian franc bonds to foreigners free of the normal withholding tax of 20 per cent of the coupon.

If Belgians elp the coupons of their Eurobonds in Belgium they are supposed to pay withholding tax on them. If they take the bearer bonds to Luxembourg and dip them there, they do not have to pay.

The result of such inconsistencies is that any conversation with a Belgian banker about Belgium's place in the international capital market will be enlivened with winks and wry smiles on his part.

Category

All three of the constraints provide part of the answer to the question why there is no Euro-Belgian franc bond market. Such securities would have to be free of withholding tax to the international investor and hence to one in Luxembourg.

Withholding tax must be deducted at source by Belgian issuers, whether State or private sector, and there is little incentive for foreigners to buy Belgian domestic bonds.

The three are the cash market, the Corbeille (literally basket) and the Marche à Terme, which is usually referred to somewhat misleadingly as the forward market.

Brussels Bourse

THE BRUSSELS BOURSE operates on a confusing series of levels, each of which appears to be small as to be insignificant. Each layer, however, is only the tip of a fairly considerable iceberg, considerably more important than would be expected for a country of only 10m people.

All dealing is restricted to qualified stockbrokers who must be members of the exchange, but in practice is not limited to the brief official opening hours of the exchange.

Despite its superficially small scale, the Bourse has probably the largest European broking firm outside London, with around 200 employees on its books.

The most important sector—and the fastest-growing in recent years—is that of State loans, where turnover is now more than that of foreign and Belgian shares combined.

The after-hours market does not show up in the official statistics and it is a fair bet that some of it does not turn up on official tax returns either.

Foreign shares are dealt with mainly on the Terme market. There are 150 in all, many of them dealt in actively on a daily basis.

Government bonds registered a turnover last year of some BFR 70bn, compared with BFR 67.7bn in 1977 and only BFR 21bn in 1968.

borne company taxation. The Brussels Bourse operates what are effectively three separate but simultaneous markets. Although they share the same building and are under the same central control, they deal for the most part in different shares and are operated by people specialising only in one market.

The three are the cash market, the Corbeille (literally basket) and the Marche à Terme, which is usually referred to somewhat misleadingly as the forward market.

The cash market deals with local shares for which there is only a small turnover. The price is struck by balancing the orders submitted by buyers and sellers and all deals have to be settled in cash.

The Corbeille deals are also settled on the spot, but the shares on this market are those which are more widely traded, and can notch up several successive quotations in the course of a day's dealing.

On the Marche à Terme trading is only settled at the end of each fortnightly account (as on the London Stock Exchange). It is not a forward market as such although the Bourse is planning to begin an options market on a trial basis in the near future.

On both the Corbeille and Terme markets, dealing operates on the exchange for two hours each day, 12.30 to 14.30. Most of the dealing outside the Bourse is done after hours, particularly after the opening of Wall Street.

Direct issues on the stock exchange are rare. Government stocks are largely applied for in advance by the banks and semi-State bodies, and the balance is sold direct to individuals and companies over the counter in banks and savings institutions.

Companies tend to raise fresh cash through rights issues. (The utility companies have recently been heavy and successful seekers of cash by this means.) The plans for an options market are cautious and experimental, unlike the bolder Amsterdam initiative, where some \$6m was invested in a new building and computers—although turnover has since proved to be less than forecast.

If the Brussels plans come off—and they are still awaiting the go-ahead from the Government—only the top three or four Belgian shares will be traded as options at first.

The trial run works, the system will then be extended to some of the major foreign shares traded on the Terme market.

Brian Donaghy

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BBC concerts

by MAX LOPPERS

Final event in the BBC of contemporary music at the London schools...

New Theatre King's College Le Domino noir

by ELIZABETH FORBES

Auber's opéra comique Le Domino noir, first produced in Paris in 1837, scored a respectable success at Covent Garden...

St. Pancras Church, NW1 Bowers-Broadbent

by NICHOLAS KENYON

It is difficult to listen to the English organ repertoire from the turn of the century as music...

Garrick Ohlsson plays Bösendorfer exclusively. On his current U.K. tour, this brilliant young American pianist will be playing Bösendorfer...

SPECIAL ANNOUNCEMENT Postal Services. The Post Office regrets that there are still serious delays to letters and parcels in and through London...







مكتبة من الصحف

Companies and Markets

UK COMPANY NEWS

Alex. Howden falls to £17.7m

Higher depreciation and interest took their toll of Alexander Howden Group and 1978 pre-tax profits are shown to have fallen from £21.36m to £17.75m...

comment

At the time of its £25.4m rights issue of last May insurance broker Alexander Howden said the

additional resources would assist in sustaining growth. But growth has not been sustained and Howden's shares fell 8p to 118p on results well below analysts' lowest expectations...

BICC surges to £56.63m - current year starts well

AS FORECAST at the interim stage when pre-tax profits ahead from £38.8m to £27.97m were reported, performance was maintained in the second half of 1978 at BICC and for the 12 month an advance from £47.12m to £56.63m was achieved...

This figure reflects a satisfactory improvement in operating performance in most parts of the group other than the UK and Canadian cable making companies...

being surplus on disposal of 20.1 per cent shareholding in General Cable Corporation of £6.14m less provisions against investments in certain overseas territories of £5.559m.

The group operates as a cable and wire makers, civil, mechanical and electrical engineer and contractor.

Assoc. Book gathers pace

AFTER reporting half-time profits up 8 per cent to £12m, Associated Book Publishers moved further ahead in the second six months to end 1978 at a record £3.37m against the previous year's £2.61m.

Austin Reed ahead £0.8m

ALLOWING A rise from £0.75m to £1.01m at mid-way, pre-tax profits of Austin Reed Group, menswear retailer and manufacturer, ended 1978 at a record £2.32m compared with the previous year's £2.33m.

comment

At the time of its £25.4m rights issue of last May insurance broker Alexander Howden said the

reported by Laganvale Estates, the land development concern, for the half-year to October 31, 1978.

The directors say that borrowings have been considerably reduced, resulting in lower interest charges.

Bernard Matthews tops £3.3m following second-half boost

AFTER a marginal downturn from £1m to £0.99m, Bernard Matthews, integrated turkey producer, made strong progress in the second half and finished 1978 with pre-tax profits well ahead from £2.64m to a record £3.37m.

Orders are well ahead of same period last year at satisfactory prices and the Board expects the meat processing division to make a significantly increased contribution to profits this year.

back to 261p last night where the yield is a well-covered 8 per cent, and the p/e is 6.5. The company has still to take advantage of stock relief.

First half pre-tax profits had risen from £798,000 to £837,000 and the directors were expecting

the year's result to be in line with that of 1977.

Earnings per 25p share are shown at 11.69p against 11.38p.

Laganvale back to profit

Table with columns for Year ended 31st December, 1978, 1977. Rows include Sales, Profit before tax, Profit after tax, Ordinary Dividend, etc.

FOREIGN AND COLONIAL

Foreign and Colonial Investment Trust has arranged a new one-year loan of £2,000m with Morgan Guaranty Trust.

Bruntons increase to £1.84m

ALTHOUGH trading profits of Bruntons (Musselburgh), steel wire maker, rose by 16.1 per cent in 1978, profits before tax rose only 6.8 per cent to £1.84m, mainly due to higher depreciation.

Full year basic earnings are shown to have risen from 17.5p to 26.5p per 25p share and, subject to Treasury consent, the total dividend is effectively raised from 3.90825p to 5p with a final payment of 3.215p net.

Wolstenholme maintains momentum for £1.88m

REAPING the full benefits of a contribution from Charles Openshaw and Son for the first time, Wolstenholme Bronze Powders, increased 1978 pre-tax profits by 34 per cent from £1.4m to £1.88m.

Full year basic earnings are shown to have risen from 17.5p to 26.5p per 25p share and, subject to Treasury consent, the total dividend is effectively raised from 3.90825p to 5p with a final payment of 3.215p net.

BOTSWANA RST LIMITED

(Incorporated in Botswana) RESULTS FOR THE YEAR ENDED DECEMBER 31, 1978 OF THE COMPANY AND ITS SUBSIDIARIES

Financial statements table for Botswana RST Limited showing production and sales, consolidated income statement, capital expenditure, and review of operations.

APV HOLDINGS LIMITED advertisement featuring 'Fifteen successive years of growth' and a line graph showing profits before tax from 1969 to 1978.

With the variety of products which the group sells to so many overseas markets the directors are not able to forecast profits.

Radley on course for sharp rise

For the six months to November 18, 1978, Radley Fashion Group, manufacturer, wholesaler and retailer of ladies' outerwear and gloves, improved pre-tax profits from £135,000 to £182,000.

The company's subsidiary BCL Limited (BCL) produced 39 517 tons of matte in 1978 compared with 30 772 tons in the previous year.

The appreciation of the deutschemark and other foreign currencies while the dollar (the currency in which sales are invoiced) weakened, continues to have a serious effect on BCL's financial position.

In terms of the restructuring referred to in detail in the last annual report, P75 million of BCL's subordinated indebtedness to the company was cancelled, and a corresponding amount of the company's indebtedness to the principal shareholders was also cancelled against the allotment by BCL of P75 million 40 per cent accumulative redeemable preference shares of P1 each to the principal shareholders.

On completion of certain major projects to provide for the necessary extended access to ore, the rectification of outstanding plant defects, the provision for increased ore throughput and for improved metal recovery, it is expected that the ore processing rate will be increased by about 14 per cent, the metal recovery by about 8 per cent and the production of matte by over 20 per cent from the 1978 attained rates.



Companies and Markets

UK COMPANY NEWS

Overseas side lifts APV profit to £18m Oyez setback: omits final

If the whole of the increase from overseas, which amounted to £2.9m against a profit of £15.6m in 1978, had been included in the 1977 profit, it would have amounted to £18.5m. The directors say it is difficult to forecast whether growth can be expected in the UK and Continental Europe in 1979. Any improvement in results will depend to a great extent on the North American market remaining active and APV's success in expanding business in other world markets where potential growth can be identified.

Some of the UK factories are not as well loaded as last year but on the other hand the American factories are very active. Under present circumstances the directors say it is difficult to forecast whether growth can be expected in the UK and Continental Europe in 1979. Any improvement in results will depend to a great extent on the North American market remaining active and APV's success in expanding business in other world markets where potential growth can be identified.

A SECOND-HALF setback sent the taxable profits of Solicitors' Law Stationery Society plunging from £1.27m to £795,921 in 1978. The group which added only around £73,600 to the surplus in the second six months, compared with £629,000 the previous year, is dropping the final dividend this time.

The directors say the setback was due to two divisional losses and the generally depressed activity in the traditional legal markets. The book publishing and distribution operations in Belgium and France are to be wound down to close at the end of the year because of unacceptable losses.

The Board adds that it does not intend to pay the final dividend because of the high increase in total borrowings. The directors do not feel justified in diluting the distribution level until borrowings have been reduced by improved cash flow.

Leyland Paint upsurge to £2.5m

DIRECTORS of Leyland and Wallpaper report taxable profits of £2.55m in 1978 compared with £1.68m in 1977. The directors say the weather conditions in the two months of the current year had a significant adverse effect on trading.

Also proposed is a one-for-one scrip issue. Pre-tax figure for the year was struck after interest of £324,000 (£493,000) and subject to tax of £599,000 (£529,000). The attributable balance came out at £1.99m (£336,000) after an extraordinary credit of £41,000 compared with a £315,000 debit last time.

explosion is that it continues to increase its market share in a sector which is still very fragmented. Apart from the manufacturing activities, the company's retail outlets, which account for almost a third of group sales, achieved a healthy rise of a fifth while the vinyl coating plant went ahead strongly, contributing £3m, against £900,000 last time.

The decision in 1976 by Solicitors' Law Stationery to move into the volume printing and publishing areas has never paid off and the eventual decision to cauterise these wounds still came too late to salvage the final dividend. The Belgian and French operations lost around £300,000 above the line last year and, while these activities are now being scaled down, profits will have to bear further European costs at least until the third quarter of 1979.

Alexander Howden Group Limited International Insurance.



	Profit before tax	Earnings per share after tax and minorities
1978	£17,729,000	12.12p
1977	£20,410,000	18.19p
1976	£18,366,000	15.63p
1975	£10,788,000	12.72p
1974	£8,110,000	8.61p

Profit before tax

Earnings per share after tax and minorities

The 15th annual general meeting of Anglo American Industrial Corporation Limited will be held in Johannesburg on Wednesday, May 16th, 1979.

Don't just accept rising rates. RATING

Notice requiring a return for Rating Agency

THE OCCUPIER

1979 RATE DEMAND

Council Rates Department

Fuller Peiser, Thavies Inn House, 3/4 Holborn Circus, London

Fuller Peiser can help

Rates in the pound rise alarmingly every year. In 1982, Rateable Values will double at least.

It is obviously important to keep your Company's rates bill as low as possible both now and in the future. The Fuller Peiser rating service exists to do that for industrial and commercial firms all over the country.

If you have received a Form of Return for the 1982 Revaluation, you should not fill it in without professional advice, which we can provide.

For over 50 years, Fuller Peiser have helped industrial and commercial firms to contest both the basis and the amount of their rating assessments, achieving savings of over 20% in many cases.

Details of this service are available from the Senior Partner, Mr J. E. G. Peiser, FRICS.

Fuller Peiser

3-4 Holborn Circus, London EC1N 2HL. Tel: 01-253 6851. Telex: 253681.

Anglo American Industrial Corporation Limited (Incorporated in the Republic of South Africa)

From the review by the Chairman Mr. G. W. H. Relly

Amic recorded highly satisfactory results in 1978 when net earnings rose to R52.41 million from R37.95 million in 1977. This represents a 35 per cent increase in earnings per share from 141.4 cents per share to 195.1 cents per share. The Corporation has adopted the policy this year of not consolidating certain foreign subsidiaries where there is uncertainty regarding the recovery of assets and the 1977 results have been restated on this basis.

hope that we may be on the threshold of more positive progress. At the beginning of 1978, the low level of foreign exchange reserves and doubts about any improvement during the year, were the main constraints on growth in domestic expenditure. The subsequent surplus on the current account exceeded the most optimistic forecasts, but this was largely countered by continued net capital outflows. The authorities therefore maintained a rather cautious approach and consumers were given very little tax relief during the year.

Encouraging as these immediate prospects are, the outlook beyond 1979 appears less optimistic. We noted earlier that the rate of economic advance in 1978 was insufficient to relieve unemployment, and even if we achieve a faster growth rate this year it is unlikely to prove adequate in our unusual circumstances.

FEATURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

	1978†	1977†	1978
	R000's	R000's	R000's
Capital and reserves	336 978	299 096	288 895
Listed investments	47 442	50 294	50 719
Book value	88 293	65 152	58 080
Market value			
Unlisted investments	30 310	47 082	45 592
Book value	38 729	52 545	53 575
Directors' valuation	258 227	201 710	192 284
Other assets, net	52 409	37 991	42 949
Equity earnings*	195.1 cents	141.4 cents	160.0 cents
Dividends	21 439	13 804	17 370
per share	30 cents	70 cents	65 cents
Number of shares in issue	26 861 947	26 561 947	26 845 447

\* Excludes non-trading items.  
† 1977 and 1978 exclude assets, liabilities and earnings of certain foreign subsidiaries not consolidated.

The market value of the group's listed investments at December 31, 1978 was R58.8 million, reflecting an overall appreciation over book value of R47.44 million. Since the year end market values had increased further and the group's listed investments at March 31 1979 were valued at R98.47 million. Unlisted investments having a book value of R30.31 million were valued by the directors at R39.73 million at December 31 1978.

Some of the circumstances, the growth of some 3.5 per cent in private consumption expenditure in 1978 was surprisingly good. This stemmed mainly from a rise in consumer confidence, the use of consumer credit and the need to replace durables. Durables, in particular, benefited from an upsurge in buying in the second quarter when consumers anticipated price rises stemming from the introduction of General Sales Tax in July.

Inflation persists and may not drop, as hoped, to single figures, particularly in view of the sudden discontinuance of oil from South Africa's major supplier, Iran. The fundamental fact remains that in a country such as South Africa only sustained growth of a high order is likely to produce an environment conducive to social stability and peaceful evolution.

Foreign Loans

Fortunately, export performance was particularly good, with export growth outstripping the increase in imports by a considerable margin. This contributed to a rise in GDP of some 2.5 per cent. The major impetus came from the primary sectors, notably mining, but manufacturing was also able to maintain the positive trend of 1977. As for the prospects in 1979, it would seem that the authorities are now well placed to encourage a faster growth rate than last year. The balance of payments remains a constraint, but a more hopeful view is possible. Although last year's large current account surplus will almost certainly

Further progress has been made during the year in the better utilisation and training of our human resources. The risks of economic activity and the advent of a further oil-price shock will exacerbate the shortage of skilled white labour. This can only be counteracted by an improvement in and expansion of existing training schemes and intensive training of the black labour force for advanced and supervisory and productive positions. Amic and the companies for which it has a management responsibility as part of the Anglo American Group, are involved in the implementation of non-white employment practices similar to those developed by the Second Urban Foundation. There is a considerable task to be undertaken to close the gap between principle and practice. We have felt that this must be achieved by a careful audit of our existing labour policies since it is obvious that a wide range of diverse practices exist in different industries and even to some extent among companies within the same industry. There are also differences between rural and urban industries and it is not surprising that this mitigates against absolute consistency between one industry and another. However, we have set our hands to the task and I hope to be able to report favourably from time to time on the progress being made.

Socio-economic Prospects

Some of the developments in our economy in recent years—the significant surge in exports, not only from minerals, and a heightened awareness of the need to motivate the private sector by allowing greater dependence on market forces—lead one to hope that a new impetus might be emerging. The acceptance by Government of the interim report of the De Kock Commission is a good example of this trend. The Commission has been one of many bodies that have been studying matters basic to the economy, including industrial strategy and labour matters embracing questions relating to the proper use of all our human resources. There is, I believe, little argument among South Africans as to the desirability of a prosperous and stable society as a basis for evolutionary development, but economic and socio-political dispensations are crucial, and are long overdue. The current situation and the various in-depth investigations by Government now coming to fruition provide an excellent climate for change. It is to be hoped that the authorities will grasp this vital opportunity to invest the socio-economic development pattern of our country with a basis of confidence which, in the final analysis, will be the real stimulus to investment and growth.

The 15th annual general meeting of Anglo American Industrial Corporation Limited will be held in Johannesburg on Wednesday, May 16th, 1979. Copies of this review with the annual report are obtainable from the London office of the Company at 40 Holborn Viaduct, EC1A 1AA, or from the transfer secretaries, Charter Consolidated Limited, P.O. Box 102, Charter House, Park Street, Ashford, Kent TN24 8EQ.





panies and Markets

INTERNATIONAL COMPANIES and FINANCE

WORTH AMERICAN NEWS

Commercial bank seeks European cash injection

Y STEWART FLEMING IN NEW YORK

MINIA NATIONAL bank, number 55 in the list of U.S. commercial banks, assets of over \$2.4bn is planning with an unnamed European banking group over possible injection of an additional \$20m of capital.

Mr. Harrison declined to identify either the name or domicile of the European bank but said that it had commercial banking and investment banking interests. "It enjoys a very high reputation all over Europe," he remarked.

Asbestos hits at State valuation

By Robert Gibbins in Montreal

ASBESTOS Corporation's controlling shareholder, General Dynamics Corporation of the U.S., is still willing to negotiate the sale of its 54.6 per cent holding to the Quebec Government, but insists that the meetings so far have been "only of a general nature."

INTERNATIONAL CAPITAL MARKETS

Dollar Eurobond for EDF

BY OUR EUROMARKETS STAFF

ELECTRICITE DE FRANCE, the French national electric utility, re-opened the dollar sector of the straight Eurobond market with a \$75m public issue through Societe Generale.

medium term credits, often serving as back-up for the issue of commercial paper in New York.

In the sterling sector prices moved up by 1/2 to 1 point with older issues rising more sharply than recent ones.

Sears Samurai debut disappoints

By Richard C. Hanson in Tokyo

SEARS, ROEBUCK'S entrance to the Samurai bond market with an unsecured issue, the first of its kind, appears to have been a major disappointment, with underwriters unable to place a large portion of the bond during the initial offering period.

Thomson reaffirms Bay terms

OUR MONTREAL CORRESPONDENT

ASBON FAMILY companies bridge and Thomson said they do not plan to change the price under their offer for 51 per cent of the Bay shares.

where it is well entrenched in the consumer market with 150 branches statewide. In its latest financial year ended December 1978, net income totalled \$18.4m or \$2.78 a share, up from \$14.3m.

Further drop in steel imports

OUR NEW YORK CORRESPONDENT

THE EVIDENCE THAT steel exports to the U.S. declined sharply in the February import survey released by the Commerce Department.

New twist for Hungarian credit

BY JOHN EVANS

HUNGARY IS shortly to raise \$300m on the international capital markets by way of a loan tied to the U.S. banking prime rate, the first time an East European state has employed this particular borrowing technique.

Bank of China loan terms fixed

BY FRANCIS GHILES

TERMS OF the first commercial loan, of \$500m, to the Bank of China, the mandate of which was awarded to UBAF earlier this week, include a maturity of 3 1/2 years and a margin over the London interbank rate of 1/2 per cent.

Eastern European countries

unpalatable. With the exception of Poland, it has sharply reduced the pace of its lending to the area in recent months because of dwindling returns.

The poor performance of the issue

reflecting a rapid deterioration in the bond market generally toward the very end of the March fiscal year, does not bode well for other Yen bonds signed today by Denmark and Austria for settlement in April.

Further drop in steel imports

OUR NEW YORK CORRESPONDENT

THE EVIDENCE THAT steel exports to the U.S. declined sharply in the February import survey released by the Commerce Department.

For the first two months of 1979, steel imports are down almost one-third compared with 1978, and if this trend continues imports for the year could slide to the 14m-ton level which the Carter Administration had indicated was the approximate level which it hoped would result from the operation of the trigger price system it designed to protect the U.S. steel industry from unfair import pricing.

Asbestos Corporation would have to make a "business decision" whether to contract with SNA for continued processing of Ungava fibre in West Germany or to operate the German mill and finishing plant on fibre from other sources.

Bank of China loan terms fixed

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INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market has been established.

Table with columns: DOLLAR BONDS, CHE MARK, 3 FRANC, STRAIGHTS. Includes bond names, amounts, and yields.

INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market has been established.

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Gulf Oil in \$90m refinery sale in Spain

PITTSBURGH - Gulf Oil Corporation is selling a transport subsidiary, Compania Maritima Gulf SA, and a 34.3 per cent interest in Refineria de Petroleos del Norte SA (Petronor) to the Spanish Government-controlled oil company, Campsa, for \$90m plus assumption of certain obligations.

LONRHO

Notice to all Shareholders

Your Board hopes that all Shareholders will have received this morning Lonrho's reply to Sheikh Nasser's circular of 26th March. However, due to postal difficulties, you may not receive this reply for some days.

Your Board therefore urge you to note the following points:

- \* If you have already voted for the re-election of Mr. Paul Spicer and Mr. Philip Tarsh, you should IGNORE Gulf Fisheries' pink proxy card. YOUR PREVIOUS VOTE IS VALID.
\* Do not be confused by the pink proxy card. There is no need to post it.
\* In view of increasing postal delays, if you have not yet voted for Mr. Spicer and Mr. Tarsh,

PLEASE SIGN, DATE, COMPLETE AND RETURN NOW the GREEN proxy card

sent by Lonrho, which must reach Lonrho's Registrars in Bristol before 10 a.m. on Monday, 2nd April.

By order of the Board M. J. Pearce Secretary

Ticor approves merger plan

LOS ANGELES - Ticor, the insurance group, said that the Board has approved a previously announced plan to merge with a subsidiary of Southern Pacific.



Markets INTL. COMPANIES and FINANCE

Japanese bearings maker seeks Toyota support

BY YOKO SHIBATA IN TOKYO

YO SEIKO, Japan's fourth largest ball bearing manufacturer and the largest ball bearing exporter here, is in social trouble following the Yen appreciation and the decision of the EECs anti-dumping measures. It has not full-scale support from Toyota Motor Company...

Koyo's shares, Sumitomo Bank 8.0 per cent and Sumitomo Trust Bank 8.0 per cent—the company has been planning reconstruction measures. However, without a drastic reform of its production and sales system, Koyo Seiko appears to have little prospect of regaining viability.

The company went into the red in 1977-78, registering operating losses of ¥2.36bn (\$11.5m) and a net loss of ¥630m. It expects a provisional operating loss of ¥8.8bn and a provisional net loss of ¥6.7bn for the current year ending this month.

Compromise in battle to control Kelvinator

By James Forth in Sydney

THE TWO contestants in the battle for control of Kelvinator Australia, the electrical appliance maker, yesterday hammered out an interim compromise. The contestants—the New South Wales-based Email and the Adelaide-based Simpson Pope Holdings—met to seek a compromise after a hectic share-market battle which resulted in each company owning 32 per cent of Kelvinator's capital.

Massey South Africa in talks

BY JIM JONES IN JOHANNESBURG

SEY-FERGUSON has been negotiating with Federale sheleggings (FVB) for the control of Massey-Ferguson (South Africa). The negotiations between FVB, and Sey-Ferguson, it is understood, is not prepared to finance the further development of its South African offshoot. At the same time, FVB is following a policy of investing in companies on a controlling basis.

Africa, which hit acquired in 1981 through the merger of Massey and South African Farm Implements Manufacturers. Massey-Ferguson, it is understood, is not prepared to finance the further development of its South African offshoot.

South African assembly and distribution operation. The R4.00 offer was turned down by Toronto and followed immediately by a R5.00 cash bid. This bid has also failed by the wayside, it has emerged.

Hong Kong property groups advance

BY ANTHONY ROWLEY IN HONG KONG

HONGKONG LAND Company, dominant property group, Cheung Kong (Holdings), biggest of the Hong Kong asset-owned real estate operators, have both reported higher profits for 1978. The companies are encouraging prospects for this year, despite present high levels of interest rates and inflation here.

earnings, with some 1.6m square feet of lettable space being added to its commercial portfolio by 1983. The main impact of this on earnings would be seen from 1980, although this year would be "another good year."

Godown Company, as well as profits on disposal of other interests, Mr. Li Ka Shing, the chairman, said. Cheung Kong built up a stake of about 11 per cent of Hongkong and Kowloon Wharf and Godown, and had intended going further until a sharp rise in the wharf company's price decided Cheung Kong to sell the investment.

Email and Simpson Pope yesterday released a joint statement which said that Simpson Pope had agreed to sell 2.96m Kelvinator shares, of 19.5 per cent of the capital, to Email, which would lift the latter's stake to 50 per cent. Simpson Pope will remain a substantial shareholder, at least for the present, with a holding of about 14 per cent of the capital.

Remaining holders

The possibility of a renewed offer by Email was held out. The statement said that both companies were conscious of the position of Kelvinator's remaining shareholders in the U.S. group. White Consolidated with 10 per cent of the capital. Moreover, both Kelvinator and Email produce White goods under licence from White Consolidated.

Both Simpson Pope and Email, it was said yesterday, had agreed that through their joint interest in Kelvinator they would endeavour to work towards further product compatibility. Email had agreed that Simpson Pope's current arrangements with Kelvinator would be protected and both parties would explore the development of further opportunities in this area.

Government concern

Arrangements are being made to hold discussions with the South Australian Government, which has expressed concern at the possibility of Email acquiring Kelvinator, at an early date. Email and Simpson Pope said they believed that the agreement reached by the companies represented a sound basis for future co-operation.

If Email does extend a new offer to Kelvinator it is unlikely to match the A\$2.82 paid on the market. If the stock exchanges insisted that this price should be matched the company could simply withdraw for three months, after which it would be entitled under the stock exchange listing requirements to offer any price it wished.

Yesterday's statement did not disclose the price Email agreed to pay Simpson Pope for the 18 per cent stake which gave it outright control of Email.

Higher sales seen in Japan

YO—More Japanese companies are predicting increased sales and profits but are worried at rising prices of raw materials, according to a government survey. Conducted by the Economic Planning Agency in February, survey showed that 47 per cent of 1,531 companies capital at ¥100m (\$4.33m) or more forecast increased sales, from 25 per cent in the previous survey in November.

Zung Fu profit up before extraordinary losses

BY HUGH PEYMAN IN HONG KONG

JARDINE, MATHESON'S motor car distributing subsidiary Zung Fu has reported higher 1978 group net profit of HK\$28.51m before extraordinary losses of HK\$19.35m compared with net profit of HK\$21.03m and extraordinary profit of HK\$5.01m in 1977.

research and development in Brooklands Pty of Australia for its microfiche camera system. This was a cautious move, Mr. Walter Sulke, the chairman of Zung Fu said, adding that the system has six to nine months in which to prove itself.

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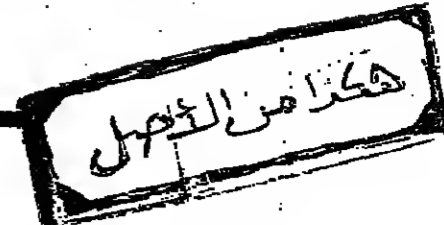
Advertisement for Ranger Oil (Canada) Limited offering 1,300,000 Common Shares. Includes list of underwriters: Kidder, Peabody & Co., McLeod Young Weir, Cazenove Incorporated, etc.

Advertisement for Bank of Boston, THE FIRST NATIONAL BANK OF BOSTON. Includes Assets and Liabilities & Stockholders' Equity tables. Assets: Cash and due from banks \$3,511,415,000. Liabilities & Stockholders' Equity: Deposits \$2,022,840,000. Total Assets \$11,587,144,000.



# FINANCIAL TIMES SURVEY

Friday March 30 1979



## Multi-Bank Consortia

The consortium banks, particularly those concentrating their efforts in specific industries or geographical areas, have come through a difficult year in good style. Despite some doubts about their long-term validity, they clearly play a useful part at present in the machinery of international finance.

### World ole emains ound

John Evans

3 TOUGH competition for business in the international financial and money markets in 1978 has marked the second year of difficult conditions for the Eurocurrency banks.

In his group, typified perhaps by the consortium bank, can be more vulnerable than most such vicious cycles for years in the international markets, when a seemingly ever-increasing number of banking institutions is seeking to capture the available business.

While some of these multi-bank groups have found it a serious task to increase earnings in the past year, the sharing banks must be relieved to find that many of the consortia have performed so profitably.

Some specialist banks, such as European Brazilian and Libra, have boosted 1978 pre-tax profits by over 50 per cent. Other consortia, which do not rely on the traditionally high-margin business available in Latin America, have performed equally as well.

While the debate still continues over the real role of a consortium bank, in a fluid and changing environment in the Euromarkets, a key test for many parent banks must be whether their consortia offshoots generate good profits while at the same time originating transactions.

The Eurocurrency system last year, in the words of some bankers, became to an even larger extent a "borrower's market."

Orion Bank's chairman, Mr. David Montagu, has pointed out that the liquidity in the Euromarkets last year, which supported some \$70bn of syndicated credits, arose, partly because of the differential rate of build-up of reserves in the Western world, with a balance of payments deficit in the U.S. countered by surpluses in Japan, Western Germany and elsewhere.

Major banks have been willing-providers of funds, given the large increase in domestic liquidity in several major industrial countries and the relatively slack domestic credit demand.

In addition, currency upheavals meant that the dollar experienced a declining rate in some sectors of the international

markets, predominantly bonds. Mr. Montagu comments: "In the bond markets the problems of the dollar led to a reduction in the volume of dollar-denominated issues, particularly fixed rate issues... but with a large increase in the number of bonds denominated in Deutsche Marks, Swiss francs and yen."

#### Cut

At the same time the depreciation of the dollar in relation to the pound has cut into the London-based consortium banks' profitability, when translated into sterling. Orion, for instance, calculates its 1978 profits would have been 10 per cent higher if sterling/dollar parity levels had remained stable.

With a background of such difficult markets, some City critics reckon the original rationale behind the formation of many multi-banking groups nowadays looks increasingly obsolete, particularly when the big parent banks are so obviously mired in competition with each other.

This is a harsh view. It should not be forgotten that the original concept of banks joining together in such joint ventures marked a response to a real need, particularly in the early period of growth in the Euromarkets. A consortium bank based in London was able to carry out a wide range of activities which its parents could not undertake, or hesitated to engage in because of the cost of setting up an individual banking entity.

It is difficult to calculate the value the banks have gained from their consortium bank ventures. For many of the large U.S. and European houses such routes into the international markets have been an extremely useful way of gaining experience in the Euromarkets.

It is still true also that smaller banks around the world, from the U.S. regional banks to the new breed of Arab commercial institutions, find their shareholdings in consortium banks a highly satisfactory way of participating in international markets.

Nonetheless, many bankers feel that the single greatest challenge the consortium banks face is that represented by the desire of a growing number of the parent banks to develop their own international business. Many of the shareholding banks have evolved well past the stage where their interests in the consortia gave them their predominant foothold in key sectors of international markets.

These changing fortunes in international banking mean that the shareholding banks have increasingly been drawn into competition with their consortium offshoots in lending and other areas of business. As part of what some observers have termed the consortium banks' "strategies for survival" to take them into the 1980s they have diversified away from a concentration on medium-term lending into more specialised services.

The consortia have sought to foster investment banking and advisory activities—a reflection of a common theme in international banking where the development of income from fee business has been a priority at a time of declining returns on straight lending.

Recent developments have seen some of the consortia expanding in size to the point where they rank with the larger of the established British merchant banks—an illustration of the joint-venture banks' ability to compete in the investment banking field. Nordic Bank, for instance, following its increased shareholding in Nordfinanz-Bank, Zurich, last year, now boasts total assets of more than \$1bn—putting it among the largest of the London consortia.

It is perhaps no coincidence that the other bank dealing with Northern Europe, Scandinavian Bank, also has a balance sheet in excess of \$1bn.

Both banks' parent shareholders in Scandinavia do not have the international networks of the size developed by other major European banks, and the two consortia are clearly a key element in their shareholders' international aspirations.

But even such moves into general investment business as a diversification from established operations have not been without a new set of obstacles. Certain of the consortia have run up against the basic problem of duplicating business already being carried out by the parent banks, or business which the parents aimed to cul-

tivate in their own right. The American banking community has probably displayed the greatest retrenchment regarding consortium relationships.

While the number of consortia seems to have stabilised after the shake-out and contraction in this sector of the banking industry in the past couple of years, the most celebrated case of disappearance of a leading name concerns that of London Multinational Bank.

Despite the fact that London Multinational had a reputation for being skilfully run, Chemical Bank, which had a shareholding along with Credit Suisse, Baring Brothers and Northern Trust of Chicago, decided to relaunch the bank as its merchant banking arm under the title Chemical Bank International.

#### Stake

Recent months have also seen further demonstrations of the ambitions the U.S. banks hold in the investment banking and international bond fields. The consortia with similar plans in these areas must clearly take into account the dangers of bumping their own parent banks' aspirations.

While the consortium banks concede that they face these and other obstacles, they nevertheless believe that the multi-banking formula can be ultimately a very flexible method for meeting changing conditions in the world banking industry, and such joint-banking ven-

tures can respond swiftly to subtle changes in the market environment.

One of the most intriguing of recent developments in the industry was the Mexican Government's acquisition of a stake of 26 per cent in International Mexican Bank (Inter-mex).

Mexico now outranks any of the other commercial banking shareholders in Inter-mex, and there is a suspicion in City markets that in the long term the bank could well become a route through which surplus oil funds, stemming from Mexico's development as an oil-exporter, could be invested.

Last year also demonstrated the positive as well as the negative aspects of geographic specialisation among the consortia.

The profits of banks concentrating on Latin America continued to show strong expansion, reflecting the fact that the region continues to yield relatively high margin business in syndicated loans and other related transactions, particularly when returns in the industrialised world are slipping to rock-bottom levels.

But on the other side of the coin there could have been few consortium bankers so worried as the top management at Iran Overseas Investment Bank (Iraninvest), as the revolution eventually toppled the Shah and the country's economy virtually collapsed.

It now seems that Iran is intent on honouring its international obligations, including

the big Eurocurrency syndicated loans undertaken by the Iranian Government in recent years, and fears of an outright default by the new powers in Tebran are now fading. None the less, Iraninvest's exposure in terms of syndicated credits to Iran left the bank in what could have been a very vulnerable position.

For the future, the consortium banks will have to face the challenge of swift changes in the international banking industry. This could well include further contraction in certain areas of consortium banking.

But it would be a mistake to suggest that the basic formula is no longer relevant to today's increasingly cross-frontier banking.

The emerging world of Arab commercial banking is relying heavily on the multi-banking idea for much of its expansion and experience in the international arena, and some of the most aggressive of the Arab banks are based on such joint ventures.

In fact, it is ironic that the new Arab banking groups have played a contributing role in the past year in increasing competition in the international banking markets.

In the words of Orion's Mr. Montagu, one reason for the expansion in international liquidity "has been the formation of new banks in the Middle East and elsewhere whose balance sheets have been under-geared and whose development has required an expansion of their loan assets."

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...truly international. The scope of our services spreads throughout the world, so that we can assist you wherever you need our help in bringing your plans to successful fruition.



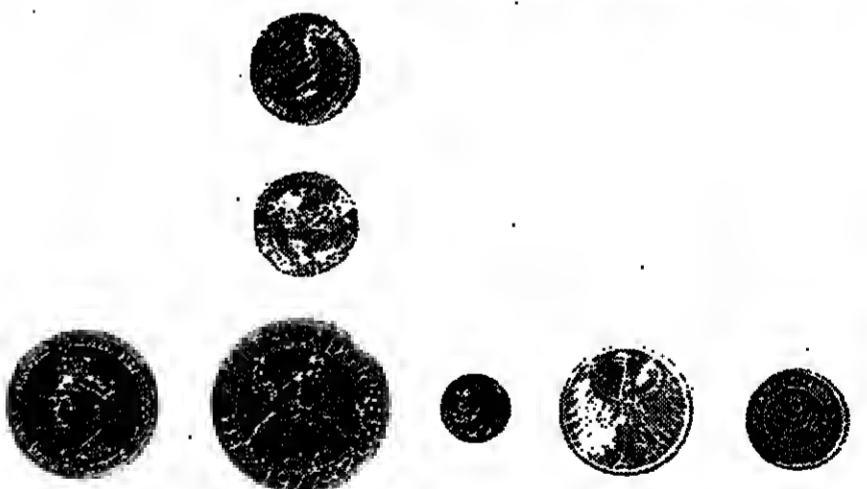
MIDLAND AND INTERNATIONAL BANKS LIMITED

26 Throgmorton Street, London EC2N 2AH.  
Telephone: 01-588 0271 Telex: 885455.

Representative Offices in New York and Melbourne, Australia.  
Subsidiary Company: MAIBL Bermuda (Far East) Limited, Hong Kong.

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All you have to do is shift the coin from the bottom of the vertical line to the position on top of the centre coin, and move the right-hand coin in the horizontal line to the left-hand side.

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Wall St. ahead 3 points in noon rally

INVESTMENT DOLLAR PREMIUM... Effective \$2.555 23 1/2 (23 1/2) STOCKS gained in moderate trading after being mixed most of the morning on institutional demand.

Closing prices and market reports not available for this edition. The Dow Jones Industrial Index added 3.03 to 869.25 and winners led losers about seven-to-five on a volume of 13m shares.

Canada Canadian stock markets were mixed. In Toronto the composite index up 2.3 to 1,467.9 in a volume of 2,177,900 shares.

NEW YORK Stock Mar. 29 Mar. 28 Mar. 27 Mar. 26 Mar. 25 Mar. 24 Mar. 23 Mar. 22 Mar. 21 Mar. 20 Mar. 19 Mar. 18 Mar. 17 Mar. 16 Mar. 15 Mar. 14 Mar. 13 Mar. 12 Mar. 11 Mar. 10 Mar. 9 Mar. 8 Mar. 7 Mar. 6 Mar. 5 Mar. 4 Mar. 3 Mar. 2 Mar. 1

Table of stock prices for various companies including Abbott Labs, AM International, Amstar, etc.

Table of European Options Exchange with columns for Series, Vol., Last, July, Oct, Stock, etc.

WORLD STOCK MARKETS

Germany

Frankfurt share prices were mostly higher after initial losses of up to DM 1 with dealers reserved ahead of possible decisions when the Bundesbank central council meets.

Brussels Belgian stocks closed lower to active trading in the Brussels bourse, again influenced by Wall Street.

Milan Italian stocks closed lower for the second consecutive day as technical sales prevailed in sluggish trading.

Switzerland Zurich share prices closed barely steady on small volume. Gains due to special circumstances included Pressefinanz and Interpar, which rose on rumours that BAT Industries might increase its present 51 per cent stake.

Amsterdam Prices were narrowly mixed on the Amsterdam Stock Exchange. In the international sector, Akzo closed at Fl 30.20, down 20 cents.

Australia Modest gains by selected Mines and Coal Stocks and renewed interest in Kelvator were the main features of general trading.

TOKYO Aashi Glass rose 14.00 to 548.00. Canon rose 19.10 to 564.00. Casio rose 20.25 to 520.00.

AMSTERDAM Aahed 2.80 -15 1/2. Bax 2.50 -10 1/2. G.B. Cement 1.15 -8 1/2. EBS 1.45 -10 1/2.

BRUSSELS/LUXEMBOURG Aahed 2.80 -15 1/2. Bax 2.50 -10 1/2. G.B. Cement 1.15 -8 1/2. EBS 1.45 -10 1/2.

COPENHAGEN Aahed 2.80 -15 1/2. Bax 2.50 -10 1/2. G.B. Cement 1.15 -8 1/2. EBS 1.45 -10 1/2.

PARIS Aahed 2.80 -15 1/2. Bax 2.50 -10 1/2. G.B. Cement 1.15 -8 1/2. EBS 1.45 -10 1/2.

VIENNA Aahed 2.80 -15 1/2. Bax 2.50 -10 1/2. G.B. Cement 1.15 -8 1/2. EBS 1.45 -10 1/2.

MILAN Aahed 2.80 -15 1/2. Bax 2.50 -10 1/2. G.B. Cement 1.15 -8 1/2. EBS 1.45 -10 1/2.

BASE LENDING RATES A.B.N. Bank 13%. Allied Irish Banks Ltd. 13%. American Bank 13%.

Table of Base Lending Rates for various banks and currencies.

Indices

Table of New York Indices: Industrial, Transport, Utilities, etc.

Table of Standard and Poors Indices: Industrial, Composite, etc.

Table of R.I.S.E. All Common Indices: Mar. 29, Mar. 28, etc.

Table of MONTREAL Indices: Industrial, etc.

Table of JOHANNESBURG Indices: Industrial, etc.

Table of AUSTRALIA Indices: Aahed, Bax, etc.

Table of STOCKHOLM Indices: Aahed, Bax, etc.

Table of OSLO Indices: Aahed, Bax, etc.

Table of JOHANNESBURG MINES Indices: Anglo American, etc.

Table of PARIS Indices: Aahed, Bax, etc.

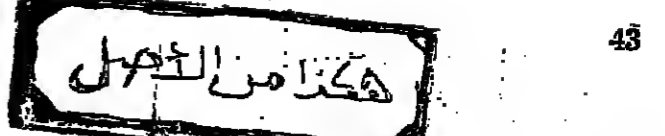
Table of VIENNA Indices: Aahed, Bax, etc.

Table of MILAN Indices: Aahed, Bax, etc.

Table of BRAZIL Indices: Aahed, Bax, etc.

Table of SPAIN Indices: Aahed, Bax, etc.

Vertical text on the right edge of the page, including 'Foot', 'LEGAL', and other fragments.



Companies and Markets

Foot and mouth alert in Britain

John Cherrington, Agriculture Correspondent
MINISTRY OF Agriculture alerted its staff in southern... and also private veterinary surgeons about the foot-mouth disease outbreak in Caevados region of Norway...

EEC court rules against British potato import ban

By Margaret Van Hattem in Brussels

IN A decision with far-reaching consequences for potato growers, and indirectly for EEC sheep farmers, the European Court of Justice yesterday ruled against Britain's import ban on potatoes...

commented that it had accepted that Britain would have to stop banning imports at some time. The judgments had probably advanced the "grit day" a little, but not much, the Board said...

No progress in nickel strike talks

By John Edwards, Commodities Editor

ONTARIO LABOUR mediators were pessimistic yesterday about the chances of a settlement of the six-month-old strike at International Nickel's Sudbury mine complex, reports Reuter...

New landlords put pressure on rents

By John Cherrington, Agriculture Correspondent

FARM RENTS are becoming an issue in NFU politics. About half the farmers in Britain are tenants, and they are beginning to feel a gradual squeeze on their profits from landlords...

Jigger Indian harvests likely

NEW DELHI — The Indian agriculture department expects 1978/79 harvests despite adverse flood damage to crops...

Meat industry anger over imports policy

By Our Commodities Staff

BRITAIN IS paying its competitors to put its own meat and bacon processing industries out of business, the Bacon and Meat Manufacturers' Association claimed yesterday...

Brazil coffee price rise plan denied

By Our Commodities Staff

RIO DE JANEIRO—Brazil is not planning any imminent coffee marketing measures, Brazilian Coffee Institute (IBC) president Octavio Rainho said yesterday...

Historically low

By Our Commodities Staff

Until now the going has been relatively easy. Rents have been historically low, and pushing them up has generally been a matter of agreement. There is no standard figure because of the wide diversity of landlords...

BRITISH COMMODITY MARKETS

Table with columns for various commodities like Lead, Tin, Zinc, Copper, Nickel, and their prices in London.

AMERICAN MARKETS

Table with columns for various commodities like Wheat, Soybean Meal, Sugar, and their prices in New York.

PRICE CHANGES

Table showing price changes for various commodities like Tin, Zinc, Nickel, and others.

EUROPEAN MARKETS

Table showing price changes for various commodities in European markets like London, Rotterdam, and Antwerp.

CORAL INDEX: Close 540.545

Index Limited 01-351 3468. Oct./Dec. Rubber 67.35-68.00.

INSURANCE BASE RATES

Table showing insurance base rates for Property Growth and Vanbrugh Guaranteed.

LEGAL NOTICES

COMPANIES ACTS 1948 to 1967 AT-FRIG (MIDLANDS) LIMITED... NOTICE IS HEREBY GIVEN...

RUBBER

SMALL opening on the London physical market. The market opened at 100.00...

SILVER

Silver was fixed 5.5p an ounce lower for spot delivery in the London Bullion Market yesterday at 355.40...

GRAINS

LONDON FUTURES (GAPFA)—The market opened at 100.00 higher on a narrow and nervous trading...

WHEAT

Wheat futures were 0.10 higher on a narrow and nervous trading...

COFFEE

After opening slightly easier Robusta was rallied as Commission House buying absorbed early selling...

Wool Futures

LONDON GREASY—Close (in order buyer's offer)—March 227.0, 243.0, 243.0, 247.0, July 247.0, 253.0, Oct. 247.0, March, July, May, July 250.0-250.0...

Meat/Vegetables

SMITHFIELD—Pence per pound, Best Scotch killed sides 64.0 to 68.0...

Indices

Table showing various indices like Dow Jones, Moody's, and Reuters.

Financial Times

Table showing financial times data for various months.

Moody's

Table showing Moody's data for various months.

Reuters

Table showing Reuters data for various months.

Dow Jones

Table showing Dow Jones data for various months.

Grains

Table showing grains data for various months.

Meat

Table showing meat data for various months.

Vegetables

Table showing vegetables data for various months.

Markets extremely volatile after Government defeat
Index holds only 2.5 of early 19.5 jump - Gilts below best

Account Dealing Dates
Option
First Declara- Last Account
Dealing Date Dealing Date

At one stage, it seemed likely that the index would actually
settle lower on balance but a
technical rally in the afternoon
relieved the downward pressure

Foreign issues, however, gave
further ground in sympathy with
fresh early weakness in the
investment currency premium.

LONDON TRADED OPTIONS

Table with columns: Option, Ex'er's price, Closing offer, Vol., etc. Lists various stock options for April, July, and October.

LONDON TRADED OPTIONS

Table with columns: Option, Ex'er's price, Closing offer, Vol., etc. Lists various stock options for April, July, and October.

Investment currency influences
continued to drug overseas issues
lower and Broken Hill
Proprietary fell 4 to 750p.

FINANCIAL TIMES STOCK INDICES

Table showing stock indices for Government, Fixed Interest, Industrial, Gold Mines, etc. with values for March 29, 28, 27, and Year 1978/9.

HIGHS AND LOWS S.E. ACTIVITY

Table showing High and Low values for various indices and S.E. Activity.

London-registered Financials
moved ahead initially, reflecting
the boom in the equity market.

NEW HIGHS AND LOWS FOR 1978/9

Table listing new highs and lows for various sectors like Commercial Bank, Electricals, etc.

COMPANY NOTICES

WESTERN AREAS GOLD MINING COMPANY LIMITED
ELSBOURGH GOLD MINING COMPANY LIMITED
THE RANDFONTEIN ESTATES GOLD MINING COMPANY,

OPTIONS

DEALING DATES
First Last For
Deal Declara- Settling
ings Date Date tion

ACTIVE STOCKS

Table listing active stocks with columns: Stock, Denomina- No., Closing, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table showing Equity Groups & Sub-sections and Fixed Interest Stocks with various metrics like Index No., Day's Change, etc.

RISES AND FALLS YESTERDAY

Table listing rises and falls for various sectors like British Funds, Foreign Bonds, etc.

Notice to Holders of Citicorp Overseas Finance Corporation N.V.

£20,000,000 10% Sterling/U.S. dollar option
Guaranteed Bonds due 1993

ASHLAND OIL (G.B.) LTD. 7 1/2% 1977-1982

LOAN OF US\$ 60,000,000—
The redemption on 1st May 1979, for which a sum of US\$ 15,000,000— is planned, has been completely repurchased on the Stock Exchange.

CEMENT-ROADSTONE HOLDINGS LIMITED

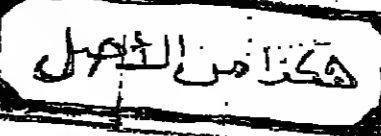
NOTICE IS HEREBY GIVEN that the
ordinary share warrants registered of the
company will expire on 31st March 1979.

CLUBS

GARGOYLE, 20, Dean Street London, W.1.
AT 5.15 P.M. YOUNG LADS
11.30-1.00 AM YOUNG LADS

EXHIBITIONS

"CLASS ENGRAVING RESURGENT"
Selected works of Guild of Glass
Engravers, 12, Grosvenor Gardens,
London W1A 3QF, 12th April, 10.30-5.30 p.m.



AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as 'Minister Fund Managers Ltd.', 'Provincial Life Inv. Co. Ltd.', and 'Schlesinger Trust Mngrs. Ltd.' with columns for fund names, dates, and values.

Table listing insurance and property bonds including 'Abbey Life Assurance Co. Ltd.', 'Green Life Assurance', and 'Lloyds Life Assurance'.

Table listing offshore and overseas funds such as 'Alexander Fund', 'Allen Harvey & Ross Inv. Mgt. (C.I.)', and 'Arbutnot Securities (C.I.) Limited'.

Table listing additional offshore and overseas funds including 'Banque Bruxelles Lambert', 'Barclays Bank International S.A.', and 'Barclays Bank International S.A.'.

NOTES section containing small text and footnotes related to the fund listings.

HEALEY & BAKER SURVEYORS VALUERS AND AUCTIONEERS OF REAL ESTATE. 01-629 9292

FT SHARE INFORMATION SERVICE

FOOD, GROCERIES—Cont.

BRITISH FUNDS

Table of British Funds with columns for Name, Price, and % Change. Includes 'Shorts' (Lives up to Five Years) and 'Five to Fifteen Years'.

Over Fifteen Years

Table of funds categorized as 'Over Fifteen Years' with columns for Name, Price, and % Change.

Undated

Table of undated funds with columns for Name, Price, and % Change.

INTERNATIONAL BANK

Table of International Bank funds with columns for Name, Price, and % Change.

CORPORATION LOANS

Table of Corporation Loans with columns for Name, Price, and % Change.

Public Bond and Ind.

Table of Public Bond and Industrial funds with columns for Name, Price, and % Change.

Financial

Table of Financial funds with columns for Name, Price, and % Change.

FOREIGN BONDS & RAILS

Table of Foreign Bonds & Rails with columns for Name, Price, and % Change.

BONDS & RAILS—Cont.

Table of Bonds & Rails with columns for Name, Price, and % Change.

AMERICANS

Table of American stocks with columns for Name, Price, and % Change.

BANKS & HP—Continued

Table of Banks & Hire Purchase with columns for Name, Price, and % Change.

Hire Purchase, etc.

Table of Hire Purchase and related services with columns for Name, Price, and % Change.

BEERS, WINES AND SPIRITS

Table of Beers, Wines and Spirits with columns for Name, Price, and % Change.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of Building Industry, Timber and Roads with columns for Name, Price, and % Change.

BANKS AND HIRE PURCHASE

Table of Banks and Hire Purchase with columns for Name, Price, and % Change.

CHEMICALS, PLASTICS—Cont.

Table of Chemicals and Plastics with columns for Name, Price, and % Change.

DRAPERY AND STORES

Table of Drapery and Stores with columns for Name, Price, and % Change.

ELECTRICAL AND RADIO

Table of Electrical and Radio with columns for Name, Price, and % Change.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics with columns for Name, Price, and % Change.

ENGINEERING—Continued

Table of Engineering with columns for Name, Price, and % Change.

INDUSTRIALS (Misc.)

Table of Industrial (Miscellaneous) with columns for Name, Price, and % Change.

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. with columns for Name, Price, and % Change.

ENGINEERING MACHINE TOOLS

Table of Engineering Machine Tools with columns for Name, Price, and % Change.

Table of Food, Groceries, etc. (continued from top right)

Table of Hotels and Caterers with columns for Name, Price, and % Change.

Table of Industrials (Miscellaneous) (continued from middle right)

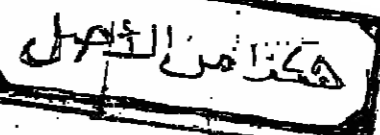
Table of Food, Groceries, etc. (continued from middle right)

Table of Food, Groceries, etc. (continued from bottom right)

FINANCIAL TIMES PUBLISHED IN LONDON & FRANKFURT. Includes contact information for London, Frankfurt, and various international offices.

Advertisement for 'Khan Al-Jamil' featuring a large stylized logo and text.

Advertisement for 'FOOD, GROCERIES, ETC.' featuring a list of products and prices.



INDUSTRIALS—Continued

Table of industrial stocks including companies like British Petroleum, Shell, and ICI, with columns for stock price, change, and volume.

INSURANCE—Continued

Table of insurance stocks including companies like Royal Indemnity and Commercial Union Assurance.

PROPERTY—Continued

Table of property-related stocks including companies like British Land and National Westminster.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Venture and British Venture Income.

FINANCE, LAND—Continued

Table of finance and land-related stocks including companies like National Westminster and British Venture.

DAIWA BANK advertisement with logo and text: 'a fully integrated banking service', 'Head Office: Osaka, Japan'.

MINES—Continued

AUSTRALIAN

Table of Australian mining stocks including companies like BHP and Anglo American.

TINS

Table of tin stocks including companies like Anglo American and Anglo American Tin.

COPPER

Table of copper stocks including companies like Anglo American and Anglo American Copper.

MISCELLANEOUS

Table of miscellaneous stocks including companies like Anglo American and Anglo American Divers.

NOTES

Notes section containing various financial notices and announcements.

TEAS

Table of tea stocks including companies like Anglo American and Anglo American Tea.

Sri Lanka

Table of Sri Lanka stocks including companies like Anglo American and Anglo American Sri Lanka.

MINES

Table of mining stocks including companies like Anglo American and Anglo American Mines.

CENTRAL RAND

Table of Central Rand stocks including companies like Anglo American and Anglo American Central Rand.

EASTERN RAND

Table of Eastern Rand stocks including companies like Anglo American and Anglo American Eastern Rand.

FAR WEST RAND

Table of Far West Rand stocks including companies like Anglo American and Anglo American Far West Rand.

O.F.S.

Table of O.F.S. stocks including companies like Anglo American and Anglo American O.F.S.

FINANCE

Table of finance stocks including companies like Anglo American and Anglo American Finance.

REGIONAL MARKETS

Table of regional market data including various international stock indices.

OPTIONS

Table of options data including various call and put options.

INSURANCE

Table of insurance stocks including companies like Royal Indemnity and Commercial Union Assurance.

FAG keep things rolling FAG Bearing Co. Ltd. Wolverhampton. Tel: 0902 894114

EEC expects 10% farm support rise

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

EEC SPENDING on farm support will rise by about 10 per cent, even if a total freeze on common farm prices is agreed at this year's price fixing...

Europe Court ruling hits move against Japanese dumping

BY GILES MERRITT IN BRUSSELS

THE EUROPEAN Commission last night was still studying the implications of a European Court of Justice ruling yesterday in favour of five Japanese bearing companies...

Reactor releases more vapour

BY DAVID BUCHAN IN WASHINGTON

THE Three Mile Island reactor in Pennsylvania, where eight plant workers have been exposed to radiation in one of the most serious accidents in the U.S. in recent years...

Civil servants will be given new offer before poll campaign

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT will today put a substantially improved pay offer to leaders of 500,000 civil servants in an attempt to end the national industrial dispute before the General Election campaign gets under way...

A Central Gilts Office to be considered

BY CHRISTINE MOIR

THE ESTABLISHMENT of a Central Gilts Office, which could handle the bulk of transactions in Government stocks by computer is to be investigated by the Bank of England and the Stock Exchange...

Bank urges pension funds to disclose accounts

BY NICHOLAS COLCHESTER

THE BANK of England comes out strongly in favour of publication of the full annual accounts of pension funds in a written contribution to the latest volumes of oral and written evidence published by the Wilson Committee...

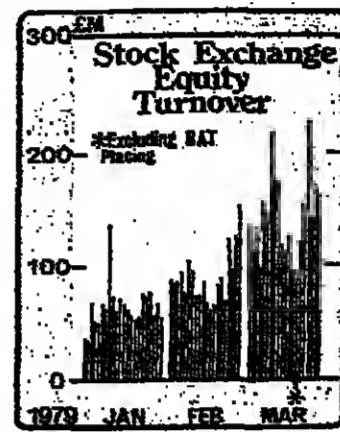
Short Finance Bill

The short Bill will replace the full Budget which the Chancellor was due to present on Tuesday before the Government was defeated on Wednesday night...

THE LEX COLUMN

Second thoughts in equities

Index rose 2.5 to 540.8



Once again the FT 30-Share Index failed yesterday to go through its all-time closing high though the All-Share Index cruised happily enough to a new peak...

House of Fraser

Bad weather and industrial troubles in January probably knocked £11m pre-tax off House of Fraser's final quarter...

Lucas Industries

Although motor component companies like Associated Engineering have made no secret of their grim winter trading, the results from Lucas Industries for the six months to January still come as an unpleasant surprise...

Weather

Weather forecast section including UK TODAY, WORLDWIDE, and a large graphic for '5-15 tons'.

Advertisement for a factory/warehouse unit, 77,000 sq. ft. Sneathwick, featuring Grimley & Son.

Election will be on May 3

there will be for Mrs. Thatcher to make an error. Efforts will be concentrated by Labour in 50 to 60 Tory and Labour-held marginals...